

Notes to Financial Statements

31 December 2000

17. INVENTORIES

	Group	
	2000	1999
	HK\$'000	HK\$'000
Raw materials	51,556	43,647
Work in progress	30,590	31,180
Finished goods	183,649	176,734
Livestocks	40,531	4,717
	<u>306,326</u>	<u>256,278</u>

18. TRADE RECEIVABLES

Trading terms with customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well established customers, where the terms are extended to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are regularly reviewed by senior management. The analysis below ages trade receivables, net of provisions, based on the invoice date, which is when the goods are delivered and services are rendered.

	2000	1999
	HK\$'000	HK\$'000
Current to 3 months	33,161	29,017
3 to 6 months	3,507	2,347
Over 6 months	869	1,335
	<u>37,537</u>	<u>32,699</u>

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19. SHORT TERM INVESTMENTS

	Group	
	2000	1999
	HK\$'000	HK\$'000
Listed equity investments, at market value in Hong Kong	–	356
Unlisted equity investments, at fair value	–	20,058
	<u>–</u>	<u>20,414</u>
Market value of listed equity investment	<u>–</u>	<u>356</u>

The prior year's short term unlisted equity investments represented 12,606,990 shares (13.93%) in Shenzhen Capstone Industrial Co., Ltd. ("Capstone"). Capstone is a company established in the PRC with certain class of its shares listed on the Shenzhen Stock Exchange. Capstone was a subsidiary of the Group before its disposal in 1998. The Group's shares in Capstone were unlisted promoter shares which were subject to different rights compared to those of the other Capstone's listed shares. The Group's shares were, inter alia, not tradable on any stock exchange and could not be converted into any other class of shares.

During the year ended 31 December 2000, the Group's shares in Capstone were disposed of upon the disposal of Winstone Electronics (Shenzhen) Industrial Limited, a subsidiary which owned such securities. Loss on disposal is included in loss on disposal of subsidiaries.

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20. SUBSIDIARIES HELD FOR DISPOSAL

	Group	
	2000 HK\$'000	1999 HK\$'000
Share of deficiency in assets Due from subsidiaries	(9,784) 69,100	– –
	<hr/> 59,316	<hr/> –
Less: Provision (note 8)	(24,316)	–
	<hr/> 35,000	<hr/> –
Net carrying value at end of the year	<u>35,000</u>	<u>–</u>

Particulars of the subsidiaries held for disposal are as follows:

Name	Place of incorporation/ registration and operations	Issued/ registered and paid-up capital	Percentage of equity attributable to the Company		Principal activities
			2000	1999	
Sinatone Limited ("Sinatone")	Hong Kong	HK\$5,000,000 ordinary share	51%	51%	Investment holding
Dongguan Meijiang Electronics Manufacturers Co., Ltd. ("Meijiang")	PRC	RMB74,800,000 registered capital	51%	51%	Inactive

In January 2000, the Group signed a letter of intent with the third party to dispose of its 51% equity interest in Sinatone. The completion of the proposed disposal is conditional upon the signing of the final sale and purchase agreement with the potential purchaser and the directors expect the transaction to be completed in June 2001. The subsidiary group was previously engaged in the manufacturing and trading of electronic components, which were discontinued by the Group in previous years.

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20. SUBSIDIARIES HELD FOR DISPOSAL (CONTINUED)

As a result of the proposed disposal, the third party has taken over the control of the subsidiary group in January 2000. Accordingly, the directors are of the opinion that it is more appropriate to reflect the released business assets and liabilities of the subsidiaries to be disposed of on a net basis in the financial statements. The consolidated balance sheet does not incorporate the individual assets and liabilities of the unconsolidated subsidiaries and only discloses the carrying value, less provisions as deemed necessary by the directors, as a single asset described as "subsidiaries held for disposal". The consolidated profit and loss account included the operating results of the subsidiary group held for disposal up to the date of signing the letter of intent for disposal. In the opinion of the directors, the net carrying value of the subsidiaries held for disposal is stated at the realisable value which will be recovered by the Group upon the disposal.

During the year ended 31 December 1999, the subsidiaries held for disposal incurred an operating loss of approximately HK\$3,741,000. The subsidiaries held for disposal did not incur any operating loss for the year ended 31 December 2000.

The loss for the year in respect of the operations to be disposed of is arrived at after charging:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Depreciation	-	7,372
Auditors' remuneration	-	10
	<u>-</u>	<u>7,382</u>

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20. SUBSIDIARIES HELD FOR DISPOSAL (CONTINUED)

The net assets of the subsidiaries held for disposal at 31 December 2000 are summarised as follows:

	2000 HK\$'000
Property, plant and equipment	57,570
Prepayments, deposits and other receivable	580
Attributable goodwill	3,275
Accrued liabilities and other payables	(325)
Other loans	(1,400)
Tax payable	(114)
Attributable exchange reserve	(270)
	<hr/>
	<u>59,316</u>

21. TRADE PAYABLES

The analysis below ages trade payables based on the date of the goods purchased and services rendered.

	Group	
	2000 HK\$'000	1999 HK\$'000
Current to 3 months	27,978	25,861
3 to 6 months	426	857
Over 6 months	145	2,320
	<hr/>	<hr/>
	<u>28,549</u>	<u>29,038</u>

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22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Bank overdrafts	44,203	22,811	-	-
Bank loans	185,521	174,656	-	-
Other loans	1,045	6,870	-	3,019
Trust receipt loans	5,922	-	-	-
	<u>236,691</u>	<u>204,337</u>	<u>-</u>	<u>3,019</u>
Analysed as:				
Secured	111,545	48,948	-	-
Unsecured	125,146	155,389	-	3,019
	<u>236,691</u>	<u>204,337</u>	<u>-</u>	<u>3,019</u>

Interest-bearing bank and other loans are repayable as follows:

Within one year				
or on demand	232,328	193,729	-	3,019
In the second year	4,363	10,249	-	-
In the third to fifth				
years, inclusive	-	359	-	-
	<u>236,691</u>	<u>204,337</u>	<u>-</u>	<u>3,019</u>
Portion classified as				
current liabilities	(232,328)	(193,729)	-	(3,019)
Long term portion	<u>4,363</u>	<u>10,608</u>	<u>-</u>	<u>-</u>

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22. INTEREST-BEARING BANK AND OTHER BORROWINGS (CONTINUED)

Certain of the Group's bank loans and overdrafts are secured by:

- (i) property, plant and equipment of subsidiaries which have an aggregate carrying value at the balance sheet date of approximately HK\$83,639,000 (1999: HK\$66,465,000).
- (ii) the Group's trade receivables which have an aggregate net book value at the balance sheet date of approximately HK\$8,618,000 (1999: HK\$11,923,000); and
- (iii) a guarantee granted by a minority shareholder of a subsidiary.

23. FINANCE LEASE PAYABLES

There were obligations under finance leases at the balance sheet date as follows:

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Amounts payable:				
Within one year	2,800	4,704	319	97
In the second year	2,767	2,006	320	97
In the third to fifth years, inclusive	160	1,727	53	69
Total minimum finance lease payments	5,727	8,437	692	263
Future finance charges	(1,012)	(1,569)	(77)	(28)
Total net finance lease payables	4,715	6,868	615	235
Portion classified as current liabilities	(2,212)	(3,710)	(266)	(71)
Long term portion	<u>2,503</u>	<u>3,158</u>	<u>349</u>	<u>164</u>

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24. DEFERRED TAX

Deferred tax has been provided for, under the liability method, at the rate of 16% (1999: 16%) on the significant timing differences between the taxable profits and profits reported in the financial statements. The movements of the Group's deferred tax liabilities are as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Balance at beginning of year	-	1,626
Credit for the year – note 7	-	(1,519)
Exchange realignment	-	(107)
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The principal components of the Group's net deferred tax asset position not recognised in the financial statements are as follows:

	2000	1999
	HK\$'000	HK\$'000
Accelerated depreciation allowances	127	24
Tax losses	(9,218)	(10,388)
Others	(692)	-
	<u>(9,783)</u>	<u>(10,364)</u>

No provision has been made for taxes which would arise on the remittance to Hong Kong of retained profits of overseas companies as it is not anticipated that these amounts will be remitted in the foreseeable future.

The Company did not have any significant deferred tax as at the balance sheet date (1999: Nil).

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25. SHARE CAPITAL

Shares

	Company	
	2000	1999
	HK\$'000	HK\$'000
Authorised:		
25,000,000,000 (1999: 25,000,000,000) ordinary shares of HK\$0.01 each	<u>250,000</u>	<u>250,000</u>
50 (1999: 50) convertible preference shares of HK\$1,000,000 each	<u>50,000</u>	<u>50,000</u>
Issued and fully paid:		
3,993,409,113 (1999: 2,609,035,113) ordinary shares of HK\$0.01 each	<u>39,934</u>	<u>26,090</u>

During the year, the following movements in the Company's share capital were recorded:

- (a) On 25 February 2000, the Company issued 130,000,000 shares and 67,000,000 shares at cash considerations of HK\$0.05 per share and HK\$0.10 per share, respectively, upon the exercise of options granted to certain employees and executive directors, resulting in the issue of an aggregate of 197,000,000 shares of HK\$0.01 each for a total cash consideration, before expenses, of HK\$13,200,000. The proceeds from the issue of share capital were used to finance the Group's working capital.
- (b) On 28 February 2000, 521,806,000 shares were issued to subscribers, through a placement, at subscription price of HK\$0.08 per share, for a total consideration of, before expenses, for HK\$41,744,480. The proceeds from the issue of share capital were used to finance the Group's working capital.
- (c) On 1 August 2000, the Company entered into a share subscription agreement with Pan Asia Sat Media Limited ("Pan Asia") to issue 665,568,000 new shares of the Company ("Subscription Shares") at HK\$0.20 per share ("the Subscription Price") to

Notes to Financial Statements

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25. SHARE CAPITAL (CONTINUED)

Shares (continued)

pay for part of the consideration of the Group's investment of 11.14% equity interest in Pan Asia, which owns a group of subsidiaries engaging in telecommunication business.

The Subscription Price represents a premium of approximately 122% to the closing price of HK\$0.09 per share as quoted on the Hong Kong Stock Exchange Limited on 1 August 2000 and a premium of approximately 127% to the average closing price of HK\$0.087 per share as quoted on the Hong Kong Stock Exchange for the 10 consecutive trading days ended 1 August 2000.

On 10 October 2000, the Subscription Shares were issued to Pan Asia.

A summary of the transactions during the year with reference to the above movements of the Company's ordinary share capital is presented as follows:

	Carrying amount <i>HK\$'000</i>	Shares issued
At beginning of year	26,090	2,609,035,113
Movements during the year:		
(a) Share options exercised	1,970	197,000,000
(b) Share placement	5,218	521,806,000
(c) Share subscription	6,656	665,568,000
At end of year	<u>39,934</u>	<u>3,993,409,113</u>

Share options

Pursuant to the Company's share option scheme approved by the shareholders at the special general meeting held on 16 September 1992, the directors may, on or before 15 September 2002, invite employees including executive directors of the Company to take up options to subscribe for shares in the Company. The share options price is to be equal to the higher of the nominal value of the shares and 80% of the average closing prices of the

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25. SHARE CAPITAL (CONTINUED)

Share options (continued)

Company's shares listed on the Hong Kong Stock Exchange Limited on the five trading days immediately preceding to the date of grant. The aggregate share options granted limited to 10% of the issued share capital of the Company from time to time.

A summary of the options outstanding and granted during the year under the Company's share option scheme is as follows:

Date of grant	Exercised price HK\$	Unexercised options at beginning of year	Options exercised during the year	Options lapsed during the year	Unexercised options at end of the year
30 June 1998	0.10	15,000,000	(15,000,000)	-	-
7 July 1998	0.10	25,000,000	(25,000,000)	-	-
10 July 1998	0.10	30,000,000	(27,000,000)	(2,000,000)	1,000,000
5 July 1999	0.05	130,000,000	(130,000,000)	-	-

The above options can be exercised at any time during the period of two years commencing on the expiry of six months after the date upon which the option is accepted and expiring on the last date of the two year period or 15 September 2002, whichever is the earlier. The cash consideration received by the Company or the Group for these options granted was negligible.

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26. RESERVES

	Share premium account HK\$'000	Translation reserve HK\$'000	PRC statutory reserves HK\$'000	Goodwill/ capital reserve HK\$'000	Contributed surplus HK\$'000	Acc- umulated losses HK\$'000	Total HK\$'000
Group							
At 1 January 1999	329,914	(1,224)	6,648	(21,342)	44,765	(124,084)	234,677
Premium arising from issue of shares	43,483	-	-	-	-	-	43,483
Expenses in connection with the issue of shares	(3,951)	-	-	-	-	-	(3,951)
Reduction of nominal value of shares	-	-	-	-	142,311	-	142,311
Appropriations to reserve funds by PRC subsidiaries	-	-	1,817	-	-	(1,817)	-
Exchange difference arising on translation of overseas subsidiaries and associates	-	(4,366)	-	-	-	-	(4,366)
Loss for the year	-	-	-	-	-	(37,263)	(37,263)
At 31 December 1999	369,446	(5,590)	8,465	(21,342)	187,076	(163,164)	374,891
Premium arising from issue of shares	174,214	-	-	-	-	-	174,214
Expenses in connection with the issue of shares	(1,076)	-	-	-	-	-	(1,076)
Released upon disposal and proposed disposal of subsidiaries and associates	-	3,225	-	2,008	4,313	-	9,546
Goodwill arising on acquisition of subsidiaries	-	-	-	(5,955)	-	-	(5,955)
Appropriations to reserve funds by PRC subsidiaries	-	-	1,444	-	-	(1,444)	-
Exchange difference arising on translation of overseas subsidiaries and associates	-	(13,290)	-	-	-	-	(13,290)
Loss for the year	-	-	-	-	-	(82,375)	(82,375)
At 31 December 2000	<u>542,584</u>	<u>(15,655)</u>	<u>9,909</u>	<u>(25,289)</u>	<u>191,389</u>	<u>(246,983)</u>	<u>455,955</u>
Attributable to:							
The Company and subsidiaries	542,584	(12,244)	9,909	(25,289)	191,389	(234,965)	471,384
Associates	-	(3,411)	-	-	-	(12,018)	(15,429)
At 31 December, 2000	<u>542,584</u>	<u>(15,655)</u>	<u>9,909</u>	<u>(25,289)</u>	<u>191,389</u>	<u>(246,983)</u>	<u>455,955</u>

Notes to Financial Statements

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26. RESERVES (CONTINUED)

	Share premium account <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
Company				
At 1 January 1999	329,914	49,772	(164,599)	215,087
Premium arising from issue of shares	43,483	–	–	43,483
Expenses in connection with the issue of shares	(3,951)	–	–	(3,951)
Reduction of nominal value of shares	–	142,311	–	142,311
Loss for the year	–	–	(9,647)	(9,647)
At 31 December 1999	<u>369,446</u>	<u>192,083</u>	<u>(174,246)</u>	<u>387,283</u>
Premium arising from issue of shares	174,214	–	–	174,214
Expenses in connection with the issue of shares	(1,076)	–	–	(1,076)
Loss for the year	–	–	(58,410)	(58,410)
At 31 December 2000	<u>542,584</u>	<u>192,083</u>	<u>(232,656)</u>	<u>502,011</u>

The contributed surplus of the Group represents:

- (a) the excess of the nominal value of the subsidiary's share acquired over the nominal value of the Company's shares issued in exchange less amounts subsequently utilised to eliminate goodwill arising on acquisition of subsidiaries and associates. Upon the disposal of such subsidiaries and associates, the relevant portion of the goodwill previously eliminated at the time of acquisition is released from the contributed surplus to the profit and loss account and dealt with in determining the gain/loss arising on such disposals; and
- (b) the credit arising from the reduction of the nominal value of the shares of the Company from HK\$0.10 each by calculation of HK\$0.09 paid up on each issued share.

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26. RESERVES (CONTINUED)

The contributed surplus of the Company represents the excess of the nominal value of the share capital of the subsidiaries at the date on which they were acquired by the Company over the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1992 less dividends paid out and amount utilised on redemption of share; and the credit arising from the reduction of HK\$0.09 paid up on each share.

PRC statutory reserves represent the reserves required to be appropriated from the profit after tax of the Company's PRC subsidiaries under PRC laws and regulations. The amount of the appropriation is at the discretion of the respective boards of directors.

Included in the exchange realignment on translation of overseas subsidiaries is a loss of HK\$13,190,000 (1999: HK\$2,536,000) representing the exchange differences arising on translation of an amount due from certain subsidiaries of which a substantial portion is not repayable in the foreseeable future and, in the opinion of the directors, is part of the Company's net investment in the enterprise and is therefore accounted for as a movement in the exchange fluctuation reserve during the year (see note 13).

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27. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit from operating activities to net cash inflow/(outflow) from operating activities

	2000	1999
	HK\$'000	HK\$'000
Profit from operating activities	5,389	4,228
Interest income	(4,049)	(3,436)
Amortisation of intangible assets	1,358	1,352
Depreciation	15,860	23,946
Provision for bad and doubtful debts	15,972	10,977
Write-off of non-trade debts	–	9,958
Gain on disposal of property, plant and equipment	(312)	(378)
Increase in inventories	(48,101)	(24,746)
Increase in long term receivable, trade receivables, prepayments, deposits and other receivables	(3,672)	(6,381)
Increase/(decrease) in trade payable, accrued liabilities and other payables	9,735	(15,462)
Exchange difference on working capital	(6,958)	–
Net cash inflow/(outflow) from operating activities	<u>(14,778)</u>	<u>58</u>

(b) Major non-cash transaction

During the year, the consideration for the Group's acquisition of its investment in Pan Asia was satisfied by US\$3 million (equivalent to HK\$23,400,000) in cash and the issue of 665,568,000 Company's shares at HK\$0.20 per share, amounting to HK\$133,114,000. The latter element was a major non-cash transaction.

Notes to Financial Statements

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27. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Acquisition of subsidiaries

	2000 HK\$'000	1999 HK\$'000
Net assets acquired:		
Property, plant and equipment	28,689	-
Inventories	1,947	-
Trade receivables	12	-
Cash and bank balances	882	-
Prepayments, deposits and other receivables	1,315	-
Trade payables	(1,717)	-
Accrued liabilities and other payables	(112)	-
Finance lease payables	(292)	-
Bank overdraft	(19)	-
	<hr/>	<hr/>
	30,705	-
Goodwill on acquisition	5,955	-
	<hr/>	<hr/>
	<u>36,660</u>	<u>-</u>
Satisfied by:		
Cash, including a deposit of HK\$26,823,000 paid in prior year	35,895	-
Trade receivables forfeited upon disposal	765	-
	<hr/>	<hr/>
	<u>36,660</u>	<u>-</u>

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27. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Acquisition of subsidiaries (continued)

Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	2000 HK\$'000	1999 HK\$'000
Cash consideration, net of a deposit paid in prior year	(9,072)	–
Cash and bank balances acquired	882	–
Bank overdraft acquired	(19)	–
	<hr/>	<hr/>
Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries	<u>(8,209)</u>	<u>–</u>

The subsidiaries acquired during the year contributed approximately HK\$8,182,000 to the Group's turnover and approximately HK\$2,221,000 to consolidated loss after tax and before minority interests for the year.

The subsidiaries acquired during the year contributed an outflow of HK\$8,244,000 to the Group's net operating cash flows, paid HK8,926,000 and HK\$143,000 in respect of the Group's investing and financing activities, respectively, but had no significant impact in respect of the Group's return on investments and servicing of income and tax.

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27. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(d) Disposal of subsidiaries

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Net assets disposed of:		
Property, plant and equipment	4,459	-
Amount due from associates	413	-
Short term investments	20,414	-
Cash and bank balances	66	-
Attributable goodwill	3,046	-
Attributable translation reserve	3,495	-
Accrued liabilities and other payables	(107)	-
	<u>31,786</u>	<u>-</u>
Loss on disposal of subsidiaries	(11,772)	-
	<u>20,014</u>	<u>-</u>
Satisfied by:		
Cash	<u>20,014</u>	<u>-</u>

Analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:

	2000 <i>HK\$'000</i>	1999 <i>HK\$'000</i>
Cash consideration	20,014	-
Cash and bank balances disposed of	(66)	-
	<u>19,948</u>	<u>-</u>
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	<u>19,948</u>	<u>-</u>

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27. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(d) Disposal of subsidiaries (continued)

The results of the subsidiary disposed of had no significant impact on the turnover or the consolidated loss after tax for the year ended 31 December 2000.

The subsidiaries disposed of during the year made no significant contribution to the Group's cash flows.

(e) Subsidiaries held for disposal

Further details of the subsidiaries held for proposed disposal have been set out in note 20 to the financial statements.

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27. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(f) Analysis of changes in financing during the years

	Share capital (including share premium) HK\$'000	Bank and other loans HK\$'000	Finance lease obligations HK\$'000	Minority interest HK\$'000
Balance at 1 January 1999	488,037	194,913	6,418	99,526
Net cash inflow/(outflow) from financing activities during the year	49,810	(13,387)	540	3,257
Reduction of nominal value of shares	(142,311)	–	–	–
Dividend paid	–	–	–	(4,388)
Share of profit after tax of subsidiaries	–	–	–	955
Exchange realignment	–	–	(90)	–
Balance at 31 December 1999 and beginning of year	395,536	181,526	6,868	99,350
Shares subscribed (note 27(b))	133,114	–	–	–
Net cash inflow/(outflow) from financing activities during the year	53,868	5,583	(1,420)	18,865
Subsidiaries held for disposal	–	(1,400)	–	–
Share of profit after tax of subsidiaries	–	–	–	9,515
Exchange realignment	–	857	(733)	468
Balance at 31 December 2000	582,518	186,566	4,715	128,198

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28. RELATED PARTY TRANSACTIONS

During the year, the Group paid approximately HK\$1,687,000 (1999: HK\$3,057,000) as a deposit on the purchase of goods and provision of services to a company in which Mr. Kwee, Cahyadi Kumala, director of the Company, has a beneficial interest.

Save as disclosed above and elsewhere in these financial statements, there were no other significant transactions with related parties during the year or significant balances with them at the end of the year.

29. CONTINGENT LIABILITIES

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantee of banking facilities granted to subsidiaries	<u> -</u>	<u> -</u>	<u> 49,804</u>	<u> 22,812</u>

Included in the above balance was unlimited guarantee granted by the Company to its subsidiaries for securing their respective banking facilities. As at the balance sheet date, such subsidiaries had bank borrowings of HK\$38,804,000.

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30. COMMITMENTS

	Group	
	2000	1999
	HK\$'000	HK\$'000
(a) Capital commitments:		
Contracted for	25,079	28,123
Authorised, but not contracted for	–	9,810
	<u>25,079</u>	<u>37,933</u>
(b) Annual commitments payable in the following year under non-cancellable operating leases for land and buildings expiring:		
Within one year	180	1,102
In the second to fifth years, inclusive	–	503
After five years	45	26
	<u>225</u>	<u>1,631</u>

The Company had no significant commitments at the balance sheet date.

31. COMPARATIVE AMOUNTS

Investment income of HK\$3,436,000 and the write-off of non-trade debts of HK\$9,958,000 for the year ended 31 December 1999 have been reclassified as other revenue and other operating expenses, respectively, as in the opinion of the directors, the reclassification provides a better presentation of the Group's revenue and expense items.

In addition, the "Trade and other receivables" as disclosed in the consolidated balance sheet as at 31 December 1999 have been reclassified into "Trade receivables", "Prepayments, deposit and other receivables" and "Current portion of the long term receivable"; and "Trade and other payables" have been reclassified into "Trade payables" and "Accrued liabilities and other payables", as in the opinion of the directors, such presentation provides more financial information to the financial statements readers.

32. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 23 April 2001.