

# Notes to Financial Statements

---

31 December 2000

## 1. CORPORATE INFORMATION

During the year, the Group was involved in:

- the manufacture and sale of telecommunications products
- the manufacture and sale of watches
- property investment
- property development
- strategic investments, rental and finance

In the opinion of the directors, the ultimate holding company is U.S. Concord (Holding) Limited, which is incorporated in Hong Kong.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of preparation**

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the remeasurement of properties under development to be held for investment purposes upon completion, investment properties and short term investments, as further explained below.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2000. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

### **Subsidiaries**

A subsidiary is a company, other than a jointly-controlled entity, in which the Group, directly or indirectly, controls more than half of its voting power or issued share capital, or controls the composition of its board of directors.

Interests in subsidiaries are stated at cost unless, in the opinion of the directors, there have been permanent diminutions in values, when they are written down to values determined by the directors.

# Notes to Financial Statements

---

31 December 2000

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Jointly-controlled entities**

A jointly-controlled entity is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Joint venture arrangements which involve the establishment of a separate entity in which the Group and other parties have an interest are referred to as jointly-controlled entities.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any provisions for diminutions in values other than those considered to be temporary in nature deemed necessary by the directors.

### **Associates**

An associate is a company, not being a subsidiary or a joint venture, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's share of the post-acquisition results and reserves of associates is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting less any provisions for diminutions in values other than those considered to be temporary in nature deemed necessary by the directors. Goodwill arising from the acquisition of associates, which is not eliminated directly to reserves, is included as part of the Group's interests in associates.

The results of associates are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in associates are stated at cost less any provisions for diminutions in values other than those considered to be temporary in nature deemed necessary by the directors.

# Notes to Financial Statements

---

31 December 2000

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Goodwill**

Goodwill arising on consolidation of subsidiaries and on acquisition of associates and jointly-controlled entities represents the excess of purchase consideration paid over the fair values ascribed to the net underlying assets acquired and is eliminated against reserves in the year of acquisition, except for the goodwill on the acquisition of a certain joint venture, accounted for as an associate, which is amortised on the straight-line basis over the remaining term of the joint venture.

On disposal of subsidiaries, associates or jointly-controlled entities, the relevant portion of the attributable goodwill previously eliminated against reserves is written back and included in the calculation of the gain or loss on disposal.

### **Capital reserve arising on consolidation**

The capital reserve arising on consolidation represents the excess of the fair values ascribed to the net underlying assets of the subsidiaries/associates at the date of acquisition over the purchase consideration, and is credited to reserves in the year of acquisition.

In the case of gains arising from deemed disposals of the Group's interests in its subsidiaries or associates, an amount equal to the increase in the Group's share of the non-distributable reserves of the subsidiaries or associates is transferred to the capital reserve.

### **Fixed assets and depreciation**

Fixed assets, other than investment properties, are stated at cost less accumulated depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after tangible fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the tangible fixed asset, the expenditure is capitalised as an additional cost of that asset.

When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the profit and loss account.

# Notes to Financial Statements

31 December 2000

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Fixed assets and depreciation** *(Continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land	Over the lease terms or 50 years, whichever is shorter
Leasehold buildings	2.5% - 5%
Plant, machinery and moulds	20% - 50%
Furniture, fixtures and office equipment	10% - 50%
Motor vehicles	10% - 35%
Construction in progress	Nil

### **Investment properties**

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Changes in the value of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the amount by which the deficit exceeds the amount in the investment property revaluation reserve is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

# Notes to Financial Statements

31 December 2000

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Properties under development**

Properties under development held for sale are stated at cost, plus, in the case of pre-sold properties or portions thereof, any attributable profits received on contracted sales, less any provisions for foreseeable losses deemed necessary by the directors. Cost includes the cost of land, construction, financing and other related expenses.

Properties under development to be held for investment purposes upon completion are stated at valuation. Movements in the values of these properties under development are dealt with in the properties under development revaluation reserve, unless the reserve for each such property is insufficient to cover a deficit on an individual basis, in which case the amount by which the deficit exceeds the amount in the properties under development revaluation reserve is charged to the profit and loss account.

Properties under development held for sale in respect of which occupation permits are expected to be granted within one year from the balance sheet date are included as property held for sale in current assets at the lower of cost and net realisable value. Cost includes all development expenditure, applicable borrowing costs and other direct costs attributable to such properties. Net realisable value is determined by reference to prevailing market prices on an individual property basis.

### **Mortgages and unsecured loans receivable**

Mortgages and unsecured loans receivable are carried at amounts advanced less principal repayments received and any provisions deemed necessary by the directors.

### **Profit on sale of properties under development**

When properties under development have been pre-sold, the total estimated profit is apportioned over the entire period of construction to reflect the progress of the development. On this basis, profit recognised on the pre-sold portion of the properties is calculated by reference to the proportion of construction costs incurred up to the accounting date as compared to the estimated total construction costs to completion, limited to non-refundable cash deposits received. No profit is recognised until the construction work has progressed to the stage where the eventual completion of the project, and the estimated profit thereon, can be determined with a reasonable degree of certainty.

The profit or loss arising from the outright sale of an interest in an entire development prior to completion is recognised when a binding contract becomes unconditional.

# Notes to Financial Statements

---

31 December 2000

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset which takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation rates adopted are based on the respective weighted average costs of the related borrowings.

All other borrowing costs are expensed in the period in which they are incurred.

### **Long term investments**

Long term investments are non-trading investments in listed and unlisted equity securities intended to be held on a long term basis for strategic business reasons and are stated at cost less any provisions for diminution in value, other than those considered to be temporary in nature, which are considered necessary by the directors, on an individual basis.

### **Short term investments**

Short term investments are investments in equity securities held for trading purposes. Listed short term investments are stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual investment basis. Unlisted short term investments are stated at their fair values, as determined by the directors, on an individual investment basis. The gains or losses arising from changes in the fair value of a security are credited or charged to the profit and loss account for the period in which they arise.

### **Operating leases**

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rentals applicable to such operating leases are charged or credited to the profit and loss account on the straight-line basis over the lease terms.

### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

# Notes to Financial Statements

31 December 2000

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Foreign currencies**

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries and associates are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

### **Deferred tax**

Deferred tax is provided, using the liability method, on all significant timing differences to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

### **Retirement benefits scheme**

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all its employees. The Scheme became effective from 1 December 2000. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the Scheme. The assets of the Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the Scheme.

### **Revenue recognition**

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) sale of goods and investment properties, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods or properties sold;
- (b) sale of properties under development, on the percentage of completion basis as explained under "Profit on sale of properties under development";

# Notes to Financial Statements

---

31 December 2000

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Revenue recognition** *(Continued)*

- (c) on the rendering of services, based on the stage of completion of the transaction, provided that this and the costs incurred as well as the estimated costs to completion can be measured reliably. The stage of completion of a transaction associated with the rendering of services is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction;
- (d) rental income, on a time proportion basis over the lease terms; and
- (e) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

### **Related parties**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

### **Cash equivalents**

For the purpose of the consolidated cash flow statement, cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash, which are not restricted as to use.



# Notes to Financial Statements

31 December 2000

## 3. TURNOVER AND REVENUE

Turnover represents the net invoiced value of goods sold and services rendered during the year, and gross rental income, but excludes intra-group transactions.

An analysis of turnover and revenue is as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Sale of goods	23,562	40,149
Rendering of services	20,941	86,198
Sale of properties under development	123,075	163,815
Gross rental income	10,173	9,450
	<hr/>	<hr/>
Group turnover	177,751	299,612
	<hr/>	<hr/>
Interest income	16,120	22,127
Gain on disposal of short term investments	–	1,365
Management fee income	–	1,560
Gain on disposal of subsidiaries	14,345	–
Loan waived	42,434	–
Subcontracting fee income	11,310	–
Others	68,703	25,433
	<hr/>	<hr/>
Other revenue	152,912	50,485
	<hr/>	<hr/>
Total revenue for the year	<b>330,663</b>	<b>350,097</b>

# Notes to Financial Statements

31 December 2000

## 4. LOSS FROM OPERATING ACTIVITIES

The loss from operating activities is arrived at after crediting:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Interest income from:		
Bank deposits	13,658	19,787
Others	2,462	2,347
	<u>16,120</u>	<u>22,134</u>
<i>Less: Amount capitalised</i>	<u>–</u>	<u>(7)</u>
Net interest income	<u>16,120</u>	<u>22,127</u>
Gross rental income	10,173	9,450
<i>Less: Outgoings</i>	<u>(817)</u>	<u>(737)</u>
Net rental income	<u>9,356</u>	<u>8,713</u>
Gain on disposal of fixed assets	–	140
Gain on disposal of short term listed investments	–	1,365
Exchange gains	76,942	11,482
<i>Less: Amount capitalised</i>	<u>(68,974)</u>	<u>(1,982)</u>
Net exchange gains	<u>7,968</u>	<u>9,500</u>
Gain on disposal of subsidiaries	<u>14,345</u>	<u>–</u>

# Notes to Financial Statements

31 December 2000

## 4. LOSS FROM OPERATING ACTIVITIES (Continued)

	2000 HK\$'000	1999 HK\$'000
and after charging:		
Cost of inventories sold	26,390	39,835
Cost of properties sold	69,513	104,211
Depreciation	6,510	7,161
Less: Amount capitalised	(493)	(1,390)
Net depreciation	6,017	5,771
Exchange losses	5,138	8,361
Less: Amount capitalised	–	(894)
Net exchange losses	5,138	7,467
Auditors' remuneration		
Current year	2,855	2,726
Prior year underprovision	750	–
	3,605	2,726
Staff costs: (including directors' remuneration (note 6))		
Pension contributions*	115	116
Wages and salaries	33,532	33,563
Other benefits	1,242	621
	34,889	34,300
Less: Amount capitalised	(7,715)	(11,151)
Total staff costs	27,174	23,149
Operating lease rentals on land and buildings	5,686	6,708
Less: Amount capitalised	(2,900)	(3,907)
Net operating lease rentals on land and buildings	2,786	2,801
Loss on disposal of fixed assets	2,329	–
Amortisation of goodwill	161	161
Provision for impairment in fair values of short term unlisted investments	–	10,000
Provision for impairment in fair values of short term listed investments	377	–
Subcontracting fees payable to the PRC joint venture partners	1,131	1,329
Provision for impairment in value of long term investments	27,638	132,191
Provision for doubtful debts	49,625	49,272
Loss on reorganisation of department store operations	9,533	12,777
Provision for diminution in value of interest in an associate	108,501	–
Amortisation of issuing costs for bank loans	15,862	14,034
Premium payable on redemption of convertible notes	–	3,342

\* As at 31 December 2000, there were no forfeited contributions available to the Group to reduce its contributions to the pension scheme in future years (1999: Nil).

# Notes to Financial Statements

31 December 2000

## 5. FINANCE COSTS

	Group	
	2000	1999
	HK\$'000	HK\$'000
Interest on bank loans and overdrafts wholly repayable within five years	146,808	121,876
Interest on other loans wholly repayable within five years	54,443	41,762
Interest on guaranteed convertible bonds	—	2,640
	<hr/>	<hr/>
Total finance costs	201,251	166,278
Interest capitalised	(167,448)	(134,682)
	<hr/>	<hr/>
	33,803	31,596
	<hr/>	<hr/>

## 6. DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to the Listing Rules and Section 161 of the Companies Ordinance is as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Fees:		
Executive directors	—	—
Independent non-executive directors	605	420
	<hr/>	<hr/>
	605	420
	<hr/>	<hr/>
Executive directors:		
Salaries, allowances and benefits in kind	8,267	8,270
Performance related bonuses	—	3,000
	<hr/>	<hr/>
	8,267	11,270
	<hr/>	<hr/>
	8,872	11,690
	<hr/>	<hr/>

# Notes to Financial Statements

31 December 2000

## 6. DIRECTORS' REMUNERATION (Continued)

The remuneration of the directors during the year fell within the following bands:

	Number of directors	
	2000	1999
Nil - HK\$1,000,000	6	6
HK\$1,000,001 - HK\$1,500,000	1	-
HK\$1,500,001 - HK\$2,000,000	1	1
HK\$4,500,001 - HK\$5,000,000	1	-
HK\$7,500,001 - HK\$8,000,000	-	1
	<u>9</u>	<u>8</u>

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

No value is included in the directors' remuneration in respect of share options granted during the year because, in the absence of a readily available market value for the options on the Company shares, the directors are unable to arrive at an accurate assessment of the value of the options granted. Further details of the options granted to the directors during the year are set out in the section headed "Directors' rights to acquire shares" in the Report of the Directors on pages 22 and 23.

## 7. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees included three (1999: Three) directors, details of whose remuneration are set out in note 6 above. The details of the remuneration of the remaining two (1999: Two) non-director, highest paid employees are set out below:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	<u>2,459</u>	<u>2,205</u>

The remuneration of these non-director, highest paid employees during the year fell within the following bands:

	Number of employees	
	2000	1999
Nil - HK\$1,000,000	-	1
HK\$1,000,001 - HK\$1,500,000	<u>2</u>	<u>1</u>
	<u>2</u>	<u>2</u>

# Notes to Financial Statements

31 December 2000

## 8. TAX

		Group	
	Note	2000 HK\$'000	1999 HK\$'000
Provision for profits tax in respect of the operating profit of the Company and its subsidiaries for the year Hong Kong			
Provision for the year		1,916	5,649
Overprovision in prior years		–	(2,106)
Tax rebate relating to the prior year		–	(1,499)
		<u>1,916</u>	<u>2,044</u>
Elsewhere			
Provision for the year		2	–
Overprovision in prior years		–	(9,146)
Deferred tax	30	9,545	(9,292)
		<u>9,547</u>	<u>(18,438)</u>
		<u>11,463</u>	<u>(16,394)</u>
Share of tax attributable to:			
Jointly controlled entities:			
Hong Kong		24,460	198,277
Deferred tax		(18,956)	(106,534)
		<u>5,504</u>	<u>91,743</u>
Associates:			
Hong Kong		615	93
Elsewhere		95	229
		<u>710</u>	<u>322</u>
Tax charge for the year		<u>17,677</u>	<u>75,671</u>

Hong Kong profits tax has been calculated by applying the current tax rate of 16% (1999: 16%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year. Taxes on the profits of subsidiaries operating outside Hong Kong have been calculated at the rates applicable in their respective jurisdictions based on existing legislation, interpretations and practices in respect thereof.

# Notes to Financial Statements

31 December 2000

## 9. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK\$14,847,000 (1999: profit of HK\$34,576,000). The Group's share of aggregate profits less losses retained by its jointly-controlled entities and its associates for the year are HK\$152,330,000 (1999: HK\$459,554,000) and HK\$1,258,000 (1999: HK\$1,380,000), respectively.

## 10. DIVIDENDS

The directors do not recommend the payment of any dividend for the year (1999: Nil). In 1999, the directors have proposed the issue of bonus shares in the proportion of one ordinary share for every 30 ordinary shares held by the shareholders of the Company.

## 11. EARNINGS PER SHARE

The calculations of basic and diluted earnings per share are based on :

	2000 HK\$	1999 Restated HK\$
Earnings:		
Net profit from ordinary activities attributable to shareholders	107,309,000	303,363,000
Adjustment to the share of results of Concord Land based on the dilution of its earnings per share	—	(270,000)
Earnings used in diluted earnings per share calculation	<u>107,309,000</u>	<u>303,093,000</u>
Shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,542,526,670	2,542,943,337
Weighted average number of ordinary shares: Assumed issued at no consideration on deemed exercise of all options outstanding during the year	<u>105,467</u>	<u>36,292</u>
Weighted average number of ordinary shares used in diluted earnings per share calculation	<u>2,542,632,137</u>	<u>2,542,979,629</u>

The weighted average numbers of ordinary shares used in the basic and diluted earnings per share calculation in both 2000 and 1999 have been adjusted to reflect the bonus issues during the year.

# Notes to Financial Statements

31 December 2000

## 12. FIXED ASSETS

Group	Leasehold land and buildings HK\$'000	Plant, machinery and moulds HK\$'000	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:					
At beginning of year	117,827	40,097	38,389	5,805	202,118
Additions	3,053	45	2,992	749	6,839
Disposals	(26,182)	(7,955)	(33,650)	(1,273)	(69,060)
Exchange realignment	2,176	1,869	719	191	4,955
<b>At 31 December 2000</b>	<b>96,874</b>	<b>34,056</b>	<b>8,450</b>	<b>5,472</b>	<b>144,852</b>
Accumulated depreciation:					
At beginning of year	15,500	26,554	14,609	1,787	58,450
Provided during the year	2,393	1,826	1,211	1,080	6,510
Disposals	(7,090)	(5,807)	(12,020)	(626)	(25,543)
Exchange realignment	622	1,169	338	96	2,225
<b>At 31 December 2000</b>	<b>11,425</b>	<b>23,742</b>	<b>4,138</b>	<b>2,337</b>	<b>41,642</b>
Net book value:					
<b>At 31 December 2000</b>	<b>85,449</b>	<b>10,314</b>	<b>4,312</b>	<b>3,135</b>	<b>103,210</b>
At 31 December 1999	102,327	13,543	23,780	4,018	143,668



# Notes to Financial Statements

31 December 2000

## 12. FIXED ASSETS (Continued)

The cost of leasehold land and buildings comprises:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Hong Kong:		
Long term leases	11,727	11,727
Medium term leases	33,764	33,764
	<b>45,491</b>	<b>45,491</b>
PRC:		
Medium term leases	51,383	72,336
	<b>96,874</b>	<b>117,827</b>

At 31 December 2000, the Group's leasehold land and buildings situated in Hong Kong with a net book value of HK\$31,034,000 (1999: HK\$32,204,000) were pledged to secure general banking facilities granted to the Group.

Company

	Furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:			
At beginning of year	3,468	4,194	7,662
Additions	217	—	217
<b>At 31 December 2000</b>	<b>3,685</b>	<b>4,194</b>	<b>7,879</b>
Accumulated depreciation:			
At beginning of year	2,614	1,609	4,223
Provided during the year	493	1,038	1,531
<b>At 31 December 2000</b>	<b>3,107</b>	<b>2,647</b>	<b>5,754</b>
Net book value:			
<b>At 31 December 2000</b>	<b>578</b>	<b>1,547</b>	<b>2,125</b>
At 31 December 1999	854	2,585	3,439

# Notes to Financial Statements

31 December 2000

## 13. INVESTMENT PROPERTIES

		Group	
		2000	1999
	Note	HK\$'000	HK\$'000
At beginning of year		1,009,235	179,000
Additions, at cost		59,193	4,288
Transferred from properties under development, at valuation	14	–	842,235
Surplus/(deficit) on revaluation		6,843	(16,288)
At end of year		<u>1,075,271</u>	<u>1,009,235</u>

The Group's investment properties at valuation are as follows:

	2000	1999
	HK\$'000	HK\$'000
The People's Republic of China:		
Hong Kong (long term leases)	80,000	47,000
Elsewhere (medium term leases)	995,271	962,235
	<u>1,075,271</u>	<u>1,009,235</u>

At 31 December 2000, the investment properties were valued by Vigers Hong Kong Limited, independent professional valuers on an open market, existing use basis.

Certain of the investment properties in Hong Kong with a carrying value of HK\$45,500,000 (1999: HK\$45,500,000) were pledged to secure banking facilities granted to the Group.

Details of the investment properties are set out on page 86.

# Notes to Financial Statements

31 December 2000

## 14. PROPERTIES UNDER DEVELOPMENT

	Group	
	2000	1999
Note	HK\$'000	HK\$'000
Properties under development held for investment purposes upon completion, at valuation:		
At beginning of year	3,208,943	4,410,158
Exchange realignments	21,494	(38,809)
Additions, at cost	54,487	495,582
Disposals, at valuation	–	(227,876)
Surplus/(deficit) on revaluation	209,957	(278,553)
Reversal of revaluation surplus on transfer of properties under development to be held for investment purposes to properties held for sale	–	(146,978)
Transferred to properties under development held for sale	–	(162,346)
Transferred to investment properties, at valuation	13	–
	<u>3,494,881</u>	<u>3,208,943</u>
Properties under development held for sale, at cost:		
At beginning of year	1,176,566	493,922
Exchange realignments	12,941	(2,924)
Additions	458,542	432,735
Transferred from land bank assembly in progress	516,118	370,348
Transferred from properties under development held for investment purposes upon completion	–	162,346
Transferred to properties held for sale, net	(267,182)	(279,861)
	<u>1,896,985</u>	<u>1,176,566</u>
At end of year	<u>5,391,866</u>	<u>4,385,509</u>

## Notes to Financial Statements

31 December 2000

### 14. PROPERTIES UNDER DEVELOPMENT *(Continued)*

The Group's properties under development are held under medium term leases as follows:

	2000 HK\$'000	1999 HK\$'000
Properties under development held for investment purposes upon completion, at valuation:		
The People's Republic of China:		
Elsewhere	3,494,881	3,208,943
Properties under development held for sale, at cost:		
The People's Republic of China:		
Hong Kong	1,251,065	789,772
Elsewhere	645,920	386,794
	<u>1,896,985</u>	<u>1,176,566</u>
	<u>5,391,866</u>	<u>4,385,509</u>

At 31 December 2000, properties under development held for investment purpose upon completion were valued by Vigers Hong Kong Limited, independent professional valuers, on an open market value, for existing condition basis. The properties under development, which will be held as investment properties on completion, are stated at the attributable amount of such valuation.

Certain of the properties under development in the PRC were pledged to secure banking facilities granted to the Group.

Details of the properties under development are set out on pages 87 and 88.

# Notes to Financial Statements

31 December 2000

## 15. INTERESTS IN SUBSIDIARIES

	Company	
	2000	1999
	HK\$'000	HK\$'000
Unlisted shares, at cost	24,372	24,372
Loan to a subsidiary	45,458	45,458
Loan from subsidiaries	(10,000)	—
Amounts due from subsidiaries	9,446,696	9,237,775
Amounts due to subsidiaries	(1,151,918)	(1,399,566)
	<b>8,354,608</b>	<b>7,908,039</b>
Less: Provision against amounts due from subsidiaries	(515,346)	(514,872)
	<b>7,839,262</b>	<b>7,393,167</b>

The balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Further particulars of the Company's principal subsidiaries as at 31 December 2000 are set out in note 46 to the financial statements.

## 16. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2000	1999
	HK\$'000	HK\$'000
Share of net assets	—	2,703,913
Amounts due to jointly-controlled entities	—	(2,522,394)
	<b>—</b>	<b>181,519</b>

# Notes to Financial Statements

31 December 2000

## 16. INTERESTS IN JOINTLY-CONTROLLED ENTITIES *(Continued)*

Particulars of the Group's jointly-controlled entities as at 31 December 2000 are set out below:

Company name	Business structure	Place of incorporation and operations	Percentage of ownership interest attributable to the Group		Principal activity
			2000	1999	
Concord Property Development Limited	Corporate	British Virgin Islands	–	33 <sup>3</sup> / <sub>4</sub> %	Property development
Smile Beauty Investment Limited	Corporate	Hong Kong	–	33 <sup>3</sup> / <sub>4</sub> %	Sale of property

The above investments in jointly-controlled entities are held indirectly by the Company.

On 15 September 2000, Concord Land acquired the remaining 45% equity interest in Concord Property Development Limited and Smile Beauty Investment Limited from a third party, and they have since become subsidiaries of the Group.

As at 31 December 2000, the Group's share of the post-acquisition accumulated reserves of the jointly-controlled entities, as computed in accordance with the Group's accounting policies, was nil (1999: HK\$1,789,698,000).

# Notes to Financial Statements

31 December 2000

## 17. INTERESTS IN ASSOCIATES

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Unlisted shares, at cost	–	–	1	1
Share of net assets	341,196	405,588	–	–
Unamortised goodwill on acquisition	3,704	3,865	–	–
	<u>344,900</u>	<u>409,453</u>	<u>1</u>	<u>1</u>
Amounts due from associates	968,234	1,002,324	36,227	39,726
Amounts due to associates	(3,619)	(10,625)	(31,873)	(7,056)
	<u>1,309,515</u>	<u>1,401,152</u>	<u>4,355</u>	<u>32,671</u>

The balances with associates are unsecured, interest-free and have no fixed terms of repayment.

As at 31 December 2000, the Group's share of the deficit of the post-acquisition accumulated reserves of the associates, as computed in accordance with the Group's accounting policies, was HK\$198,821,000 (1999: HK\$101,255,000).

Further particulars of the Group's principal associates as at 31 December 2000 are set out in note 47 to the financial statements.

## 18. MORTGAGES AND UNSECURED LOANS RECEIVABLE

	Group	
	2000	1999
	HK\$'000	HK\$'000
Mortgages receivable	125,011	–
Unsecured loans receivable	57,311	–
	<u>182,322</u>	<u>–</u>
Portion classified as current assets	(12,965)	–
	<u>169,357</u>	<u>–</u>

The mortgages are secured by second fixed legal charges on properties located in Hong Kong, bear interest at commercial rates and have various terms to maturity.

# Notes to Financial Statements

31 December 2000

## 19. INVESTMENTS

### Long term investments

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At cost:				
Hong Kong listed equity investments	358,308	358,308	109,588	109,588
Provision for impairment in value	(300,174)	(272,536)	(69,692)	(46,268)
	<u>58,134</u>	<u>85,772</u>	<u>39,896</u>	<u>63,320</u>
Unlisted equity investments	915	915	915	915
Investments in People's Republic of China ventures	44,662	44,662	12,661	12,661
	<u>45,577</u>	<u>45,577</u>	<u>13,576</u>	<u>13,576</u>
	<u>103,711</u>	<u>131,349</u>	<u>53,472</u>	<u>76,896</u>
Market value of listed equity investments	<u>9,426</u>	<u>21,790</u>	<u>4,030</u>	<u>10,650</u>

An amount of HK\$32,000,000 (1999: HK\$32,000,000) of the Group's investments in the People's Republic of China ventures at the balance sheet date represents the Group's 50% interest in EMEI Concord Cement Co. Ltd., which is engaged in the manufacture of cement. This investment has not been accounted for using the equity method of accounting because the Group does not have significant influence over the operations of EMEI Concord Cement Co. Ltd.

### Short term investments

	Group	
	2000	1999
	HK\$'000	HK\$'000
Listed equity investments, at fair value:		
Hong Kong	353	730
Unlisted equity investments, at fair value	10,000	10,000
Other investments, at fair value	<u>85,789</u>	<u>139,896</u>
	<u>96,142</u>	<u>150,626</u>



# Notes to Financial Statements

31 December 2000

## 20. INVENTORIES

	Group	
	2000	1999
	HK\$'000	HK\$'000
Raw materials	11,269	15,528
Work in progress	1,098	2,592
Finished goods	7,212	12,637
	<u>19,579</u>	<u>30,757</u>

The carrying amount of inventories carried at net realisable value included above is HK\$4,700,000 (1999: HK\$11,748,000).

## 21. TRADE RECEIVABLES

The aged analysis of trade receivables is as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Within 3 months	26,345	98,774
Between 4 to 6 months	3,642	12,423
Between 7 to 12 months	8,476	23,049
Over 1 year	101,222	50,658
	<u>139,685</u>	<u>184,904</u>

### Credit Terms

Trading terms with customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 60 days of issuance, except for certain well established customers, where the terms are extended to 90 days or more. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and its credit control teams serve to minimise credit risk. Overdue balances are regularly reviewed by management.

# Notes to Financial Statements

31 December 2000

## 22. OTHER RECEIVABLES

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Other debtors, deposits and prepayments	364,088	233,369	8,003	24,225
Cash distributions receivable from jointly-controlled entities	—	417,190	—	—
	<u>364,088</u>	<u>650,559</u>	<u>8,003</u>	<u>24,225</u>

## 23. CASH AND CASH EQUIVALENTS

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Cash and bank balances	48,972	46,846	231	642
Time deposits	109,415	10	—	—
	<u>158,387</u>	<u>46,856</u>	<u>231</u>	<u>642</u>

Certain of the bank balances amounting to HK\$60,680,000 (1999: Nil) are deposited with Concord Bank Limited, a related company of the Group.

# Notes to Financial Statements

31 December 2000

## 24. TRADE PAYABLES

The aged analysis of trade payables is as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Outstanding balances with ages:		
Within 3 months	134,875	2,576
Between 4 to 6 months	12,956	666
Between 7 to 12 months	5,050	1,332
Over 1 year	4,321	8,425
	<u>157,202</u>	<u>12,999</u>

## 25. OTHER PAYABLES

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other payables and accruals	106,691	101,754	19,133	23,613
Amount due to a related company	<u>4,671</u>	<u>—</u>	<u>4,671</u>	<u>—</u>
	<u>111,362</u>	<u>101,754</u>	<u>23,804</u>	<u>23,613</u>

The amount due to a related company is unsecured, interest-free and is repayable on demand.

## 26. INTEREST-BEARING LOANS, OVERDRAFTS AND OTHER BORROWINGS

	Group		Company	
	2000	1999	2000	1999
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank overdrafts:				
Secured	34,781	16,432	—	—
Unsecured	<u>74,166</u>	<u>71,953</u>	<u>29,685</u>	<u>24,363</u>
27	108,947	88,385	29,685	24,363
Current portion of bank and other loans	<u>639,957</u>	<u>1,250,972</u>	<u>162,160</u>	<u>133,206</u>
27	<u>748,904</u>	<u>1,339,357</u>	<u>191,845</u>	<u>157,569</u>

# Notes to Financial Statements

31 December 2000

## 27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bank overdrafts:				
Secured	34,781	16,432	–	–
Unsecured	74,166	71,953	29,685	24,363
	<b>108,947</b>	<b>88,385</b>	<b>29,685</b>	<b>24,363</b>
Bank loans:				
Secured	614,465	422,784	–	–
Unsecured	905,345	1,063,191	110,849	35,881
	<b>1,519,810</b>	<b>1,485,975</b>	<b>110,849</b>	<b>35,881</b>
Loans from related companies:				
Unsecured	302,890	358,662	302,890	357,206
Other loans:				
Secured	10,000	–	–	–
Unsecured	337,018	63,000	337,018	–
	<b>347,018</b>	<b>63,000</b>	<b>337,018</b>	<b>–</b>
	<b>2,278,665</b>	<b>1,996,022</b>	<b>780,442</b>	<b>417,450</b>
Bank overdrafts repayable within one year or on demand – note 26	108,947	88,385	29,685	24,363
Bank loans repayable:				
Within one year or on demand	467,797	1,053,310	–	–
In the second year	618,131	147,331	110,849	35,881
In the third to fifth years, inclusive	433,882	285,334	–	–
	<b>1,519,810</b>	<b>1,485,975</b>	<b>110,849</b>	<b>35,881</b>
Loan from related companies repayable:				
Within one year	134,890	134,662	134,890	133,206
In the second year	168,000	56,000	168,000	56,000
In the third to fifth years, inclusive	–	168,000	–	168,000
	<b>302,890</b>	<b>358,662</b>	<b>302,890</b>	<b>357,206</b>
Other loans repayable:				
Within one year or on demand	37,270	63,000	27,270	–
In the second year	309,748	–	309,748	–
	<b>347,018</b>	<b>63,000</b>	<b>337,018</b>	<b>–</b>
	<b>2,278,665</b>	<b>1,996,022</b>	<b>780,442</b>	<b>417,450</b>
Portion classified as current liabilities – note 26	(748,904)	(1,339,357)	(191,845)	(157,569)
Long term portion	<b>1,529,761</b>	<b>656,665</b>	<b>588,597</b>	<b>259,881</b>

# Notes to Financial Statements

31 December 2000

## 27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

The Group's bank loans and overdrafts bear interest at prevailing market rates.

Certain of the bank loan balances amounting to HK\$4,788,000 (1999: Nil) were obtained from Concord Bank Limited, a related company of the Group.

The loans from related companies, Fine Tower Associates Limited and Gain Time Holding Limited, are unsecured and bear interest at prevailing market rates. Mr. Wong Sai Chung, a director of the Company, is a director and controlling shareholder of Fine Tower Associates Limited and Gain Time Holding Limited.

## 28. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company, Concord Oil Group Limited, is unsecured, interest-free and is not repayable within twelve months from the date of approval of these financial statements. Mr. Wong Sai Chung, a director of the Company, is a director and controlling shareholder of Concord Oil Group Limited.

## 29. AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY

The amount due to the ultimate holding company is unsecured, interest-free and is not repayable within twelve months from the date of approval of these financial statements.

## 30. DEFERRED TAX

	<i>Note</i>	<b>Group</b>	
		<b>2000</b>	1999
		<b>HK\$'000</b>	HK\$'000
Balance at beginning of year		<b>47,449</b>	64,809
Exchange realignment		<b>1,435</b>	(1,639)
Provided/(credited) during the year, net	8	<b>9,545</b>	(9,292)
Reclassification		<b>(8,571)</b>	8,571
Release of tax indemnity		<b>(18,956)</b>	(15,000)
		<hr/>	<hr/>
Balance at end of year		<b>30,902</b>	47,449

# Notes to Financial Statements

31 December 2000

## 30. DEFERRED TAX *(Continued)*

Details of the tax indemnities are set out as follows:

### (a) PRC income tax

Pursuant to separate deeds of indemnity, both the Company and Mr. Wong Sai Chung have undertaken to indemnify Concord Land Development Company Limited (“Concord Land”) in respect of any diminution in value of Concord Land due to any PRC income tax payable in consequence of the disposal by Concord Land of any of the PRC property interests acquired from the Company and Mr. Wong Sai Chung, a director of the Company, respectively, insofar as such tax is calculated in accordance with the said deeds of indemnity. During the year, no PRC income tax was indemnified to Concord Land (1999: Nil).

### (b) LAT

Pursuant to separate deeds of indemnity, both the Company and Mr. Wong Sai Chung has undertaken to indemnify Concord Land in respect of any diminution in value of Concord Land due to any LAT payable in consequence of the disposal by Concord Land of any of the PRC property interests acquired from the Company and Mr. Wong Sai Chung, respectively, insofar as such tax is calculated in accordance with the said deeds of indemnity. During the year, no LAT was indemnified to Concord Land (1999: Nil).

### (c) Hong Kong profits tax

Pursuant to a deed of indemnity, the Company has undertaken to indemnify Concord Land in respect of any diminution in value of Concord Land due to any Hong Kong profits tax payable in consequence of the disposal by Concord Land of any of the Hong Kong property interests acquired from the Company insofar as such tax is calculated in accordance with the said deed of indemnity. The attributable amount of Hong Kong profits tax indemnified by the Company for the year amounted to approximately HK\$32,254,000 (1999: HK\$60,000,000).

At the balance sheet date, the Group did not have any significant unprovided deferred tax. The deferred tax liability mainly represented the provision for PRC income tax on the estimated attributable profits on the sale of properties under development as calculated on a percentage of completion basis in accordance with the Group’s accounting policy.

The revaluation of the Group’s investment properties and properties under development held for investment purposes does not constitute a timing difference and, consequently, the amount of potential deferred tax thereon has not been quantified.

# Notes to Financial Statements

31 December 2000

## 31. ISSUED CAPITAL

		<b>Group and Company</b>	
		<b>Number of</b>	
		<b>ordinary shares</b>	Amount
	<i>Notes</i>	<b>of HK\$0.10 each</b>	HK\$'000
<i>Authorised:</i>			
Balance at beginning and end of year		<b>3,000,000,000</b>	300,000
<i>Issued and fully paid:</i>			
Balance at beginning of year		<b>2,460,912,907</b>	246,091
Bonus issue	<i>(a)</i>	<b>82,030,430</b>	8,203
Share options exercised	<i>(b)</i>	<b>30,000</b>	3
Repurchased and cancelled during the year		<b>(2,590,000)</b>	(259)
Balance at end of year		<b>2,540,383,337</b>	254,038

During the year, the following movements in the issued share capital of the Company were recorded:

- (a) Pursuant to an ordinary resolution passed at the annual general meeting held on 29 June 2000, 82,030,430 new ordinary shares of HK\$0.10 each were issued by capitalising approximately HK\$8,203,000 from the amount standing to the credit of the share premium account of the Company on the basis of one bonus share for every 30 existing shares held.
- (b) The subscription rights attaching to 30,000 share options were exercised at the subscription price of HK\$0.77 per share, resulting in the issue of 30,000 shares of HK\$0.10 each for a total cash consideration, before expenses, of HK\$23,000.
- (c) Pursuant to an ordinary resolution passed on 21 March 2001, the authorised share capital of the Company was increased from HK\$300,000,000 to HK\$600,000,000 by the creation of 3,000,000,000 additional shares of HK\$0.10 each, ranking pari passu in all respects with the existing share capital of the Company.
- (d) On 23 March 2001, a wholly owned subsidiary of the Company, Camstar Capital Limited announced an offer to acquire the remaining 25% shareholding in Concord Land through a voluntary conditional share exchange offer. At the extraordinary general meeting on 17 April 2001, a special resolution for the withdrawal of the listing of all shares of Concord Land on the Hong Kong Stock Exchange was passed by a majority in number representing three-fourths in value of the Concord Land's independent shareholders. On 2 May 2001, the application for the withdrawal of Concord Land's listing was approved by the Hong Kong Stock Exchange.

# Notes to Financial Statements

31 December 2000

## 31. ISSUED CAPITAL (Continued)

Accordingly, on the acceptance of the above-mentioned offer by Concord Land's shareholders at the date of this report, the Company has issued 609,298,262 new ordinary shares of HK\$0.10 as considerations for the above.

During the year, the Company repurchased a total of 2,590,000 of its listed shares on the open market as follows:

Month	Number of ordinary shares repurchased	Price per share		Total cost HK\$'000
		Highest HK\$	Lowest HK\$	
October	2,590,000	0.68	0.59	1,645

The repurchased shares were cancelled during the year and the issued share capital of the Company was reduced by the par value thereof. The premium paid on repurchase of the shares of HK\$1,386,000 was written off against the retained profits. An amount equivalent to the par value of the shares cancelled was transferred from retained profits to the capital redemption reserve.

The directors believe that the repurchases are in the best interests of the Company and its shareholders. Such purchases lead to an enhancement of the net assets and earnings per share of the Company.

### Share options

Pursuant to a resolution of the shareholders passed at an extraordinary general meeting on 28 February 1997, the Company adopted a share option scheme (the "Scheme") under which the directors may, within a period of 10 years commencing on 28 February 1997, grant options to any employee and/or director of the Company or any of its subsidiaries to subscribe for shares in the Company in accordance with the provisions of the Scheme. The subscription price is the higher of 80% of the average of the closing price on The Stock Exchange of Hong Kong Limited for the five trading days immediately preceding the date of the offer of the option and the nominal value of the shares. HK\$1 is payable by the grantee of an option upon the acceptance of the grant of the options.

The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 10% of the issued capital of the Company, excluding any share issued upon the exercise of options from time to time. An option may be exercised under the Scheme at any time during a period not exceeding three years commencing one year after the date the option is accepted and expiring on the last day of such period or 10 years from 28 February 1997, whichever is the earlier.



# Notes to Financial Statements

31 December 2000

## 31. ISSUED CAPITAL (Continued)

Details of the share options granted pursuant to the Scheme are as follows:

Date of offer to grant	Exercise price per share	Exercise period	Number of options			
			At beginning of year	Granted during the year	Exercised during the year	At end of year
10 June 1997	HK\$3.32	10-06-1998 to 09-06-2001	696,000	–	–	696,000
19 October 1998	HK\$1.09	19-10-1999 to 18-10-2002	2,000,000	–	–	2,000,000
28 May 1999	HK\$0.74	28-05-2000 to 04-06-2003	468,000	–	(30,000)	438,000
27 August 2000	HK\$0.86	27-08-2001 to 26-08-2004	–	12,000,000	–	12,000,000
			<u>3,164,000</u>	<u>12,000,000</u>	<u>(30,000)</u>	<u>15,134,000</u>

The exercise in full of such share options would, under the present capital structure of the Company, result in the issue of 15,134,000 additional ordinary shares of HK\$0.10 each for aggregate proceeds of HK\$15,134,840 before the related share issue expenses.

The exercise prices of the share options have been adjusted to reflect the effect of bonus issues during the year.

## 32. SHARE PREMIUM ACCOUNT

	Group and Company	
	2000	1999
	HK\$'000	HK\$'000
Balance at beginning of year	2,166,573	2,182,193
Bonus issue	(8,203)	(15,620)
Share options exercised	<u>20</u>	<u>–</u>
Balance at end of year	<u>2,158,390</u>	<u>2,166,573</u>

# Notes to Financial Statements

31 December 2000

## 33. CAPITAL RESERVE

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Balance at beginning of year	(1,351,011)	(1,351,011)	1,312,946	1,312,946
Arising from acquisition	2,618	–	–	–
Transfer from property revaluation reserve – note 35	(93,260)	–	–	–
Balance at end of year	<u>(1,441,653)</u>	<u>(1,351,011)</u>	<u>1,312,946</u>	<u>1,312,946</u>

## 34. CAPITAL REDEMPTION RESERVE

	Group and Company	
	2000 HK\$'000	1999 HK\$'000
Balance at beginning of year	7,646	7,646
Transfer from retained profits – note 38	<u>259</u>	<u>–</u>
Balance at end of year	<u>7,905</u>	<u>7,646</u>

This represents the par value of shares of the Company which have been repurchased and cancelled.

# Notes to Financial Statements

31 December 2000

## 35. PROPERTY REVALUATION RESERVE

### Group

	Properties under development HK\$'000	Investment properties HK\$'000	Jointly- controlled entities and associates - properties under development HK\$'000	Total HK\$'000
Balance at 1 January 1999	1,151,960	27,915	1,240	1,181,115
Surplus/(deficit) on revaluation	(220,637)	(12,215)	478	(232,374)
Release of revaluation surplus on disposal of properties under development	(32,086)	—	—	(32,086)
Reversal of revaluation surplus on transfer of properties under development to be held for investment purposes to those held for sale	(100,301)	—	—	(100,301)
Reclassification	(438,909)	411,006	27,903	—
Balance at 31 December 1999 and 1 January 2000	360,027	426,706	29,621	816,354
Surplus on revaluation	143,593	17,418	—	161,011
Release of revaluation surplus of jointly-controlled entities	—	—	(94,500)	(94,500)
Transfer to capital reserve – note 33	—	—	93,260	93,260
<b>Balance at 31 December 2000</b>	<b>503,620</b>	<b>444,124</b>	<b>28,381</b>	<b>976,125</b>

# Notes to Financial Statements

31 December 2000

## 36. REVENUE RESERVES

	Group	
	2000	1999
	HK\$'000	HK\$'000
Expansion fund:		
Balance at beginning and end of year	6,255	6,255
Reserve fund:		
Balance at beginning and end of year	1,982	1,982
	<u>8,237</u>	<u>8,237</u>

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group subsidiaries and associates in the PRC has been transferred to the expansion fund and reserve fund, which are restricted as to use.

## 37. EXCHANGE FLUCTUATION RESERVE

	Group	
	2000	1999
	HK\$'000	HK\$'000
Balance at beginning of year	(125,747)	(102,209)
Exchange realignments	(18,083)	(23,538)
Balance at end of year	<u>(143,830)</u>	<u>(125,747)</u>

# Notes to Financial Statements

31 December 2000

## 38. RETAINED PROFITS

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at beginning of year	2,418,407	2,115,044	3,046,785	3,012,209
Profit/(loss) for the year	107,309	303,363	14,847	34,576
Premium on repurchase of the Company's shares	(1,386)	–	(1,386)	–
Transfer to capital redemption reserve – note 34	(259)	–	(259)	–
	<u>2,524,071</u>	<u>2,418,407</u>	<u>3,059,987</u>	<u>3,046,785</u>
Profits retained by:				
The Company and subsidiaries	2,516,698	717,093		
Jointly controlled entities	–	1,695,199		
Associates	7,373	6,115		
	<u>2,524,071</u>	<u>2,418,407</u>		

# Notes to Financial Statements

31 December 2000

## 39. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

### (a) Reconciliation of loss from operating activities to net cash inflow from operating activities:

	2000 HK\$'000	1999 HK\$'000
Loss from operating activities	(34,244)	(103,547)
Interest income	(16,120)	(22,127)
Depreciation	6,017	5,771
Gain on disposal of short term listed investments	–	(1,365)
Loss on partial disposal of a subsidiary	–	52,496
Gain on disposal of subsidiaries	(14,345)	–
Loss on reorganisation of department store operations	9,533	12,777
Loss/(gain) on disposal of fixed assets	2,329	(140)
Provision for impairment in fair values of short term listed and unlisted investments	377	10,000
Provision for diminution in value of an associate	108,501	–
Provision for impairment in value of long term investments	27,638	132,191
Additions to land bank assembly in progress	(246,023)	(116,176)
Decrease in properties held for sale	66,986	55,244
Decrease in inventories	7,057	8,922
Decrease in trade receivables	55,859	344,729
Decrease in mortgages and unsecured loans receivable	17,768	–
Decrease in other debtors, deposits and prepayments	316,726	62,751
Increase/(decrease) in trade payables	78,098	(1,251)
Decrease in other payables and accruals	(1,590)	(26,487)
Increase in amount due to related companies	4,671	–
Increase/(decrease) in amounts due to directors	1,179	(28,061)
Increase/(decrease) in amount due to the ultimate holding company	265	(25)
Net cash inflow from operating activities	<u>390,682</u>	<u>385,702</u>

# Notes to Financial Statements

31 December 2000

## 39. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (Continued)

### (b) Analysis of changes in financing during the year:

	Share capital and share premium HK\$'000	Convertible instruments HK\$'000	Bank and other loans HK\$'000	Minority interests HK\$'000	Loans from related companies HK\$'000
Balance at 1 January 1999	2,412,664	193,250	2,047,579	2,303,084	238,638
Cash inflow/(outflow) from financing activities, net	–	(193,250)	(501,676)	(141,304)	120,024
Dividends paid to minority shareholders	–	–	–	(24,891)	–
Share of revaluation reserve	–	–	–	(108,507)	–
Share of profits for the year	–	–	–	271,092	–
Exchange realignments	–	–	3,072	(12,665)	–
Arising on disposal of a subsidiary	–	–	–	(23,904)	–
Balance at 31 December 1999 and 1 January 2000	2,412,664	–	1,548,975	2,262,905	358,662
Cash inflow/(outflow) from financing activities, net	(1,622)	–	317,853	(76,091)	(55,772)
Premium on repurchase of shares	1,386	–	–	–	–
Share of revaluation reserve	–	–	–	29,453	–
Share of profits for the year	–	–	–	67,478	–
Exchange realignments	–	–	–	(6,387)	–
Arising on partial acquisition of subsidiaries	–	–	–	(4,956)	–
Arising on disposal of a subsidiary	–	–	–	(15,080)	–
Balance at 31 December 2000	<b>2,412,428</b>	<b>–</b>	<b>1,866,828</b>	<b>2,257,322</b>	<b>302,890</b>

# Notes to Financial Statements

31 December 2000

## 39. NOTES TO CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

### (c) Partial acquisition of subsidiaries and reclassification of jointly-controlled entities during the year

	2000 HK\$'000
Net assets acquired:	
Investment properties	43,000
Mortgage and unsecured loans receivable	200,090
Properties held for sale	6,930
Trade receivables	10,640
Other receivables	449,660
Cash and cash equivalents	1,069
Trade payables	(66,105)
Other payables and accruals	(3,867)
Tax payable	(38,435)
Minority interests	4,956
	<u>607,938</u>
Satisfied by:	
Cash consideration	303,829
Capital reserve	2,618
Reclassification of interests in subsidiaries, previously accounted for as jointly-controlled entities and an associate	<u>301,491</u>
	<u>607,938</u>
Analysis of the net outflow of cash and cash equivalents in respect of the partial acquisition of subsidiaries during the year:	
Cash consideration	(303,829)
Bank balances acquired	<u>1,069</u>
Net outflow of cash and cash equivalents in respect of the partial acquisition of subsidiaries	<u>(302,760)</u>

The subsidiaries acquired during the year made no significant contribution to the Group in respect of the cash flows, turnover and contribution to the consolidated profit after tax and before minority interests for the year.



# Notes to Financial Statements

31 December 2000

## 39. NOTES TO CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

### (d) Acquisition of a subsidiary during the prior year:

	1999 HK\$'000
Net assets acquired:	
Properties under development	352,975
Bank balances	1
Deposits and prepayments	30
Other payables	(6)
	<u>353,000</u>
Satisfied by:	
Cash consideration	39,352
Settlement of bank loans and other payables	313,648
	<u>353,000</u>
Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary during the year ended 31 December 1999 is as follows:	
Cash consideration	(39,352)
Settlement of bank loans and other payables	(313,648)
Bank balances acquired	1
	<u>(352,999)</u>
Net outflow of cash and cash equivalents in respect of the acquisition of a subsidiary	<u>(352,999)</u>

The subsidiary acquired in the prior year made no significant contribution to the Group in respect of the cash flows, turnover and contribution to the consolidated profit after tax and before minority interests for that year.

# Notes to Financial Statements

31 December 2000

## 39. NOTES TO CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

### (e) Disposal of subsidiaries during the year:

	2000 HK\$'000
Net assets disposed of:	
Fixed assets	39,751
Current account with fellow subsidiaries	(6,003)
Other payables	(1,592)
Exchange fluctuation reserve	5,402
Minority interests	(15,080)
	<hr/>
	22,478
Gain on disposal of subsidiaries	14,345
	<hr/>
	36,823
	<hr/>
Satisfied by:	
Cash consideration	36,823
	<hr/>
Analysis of net inflow of cash and cash equivalents in respect of the disposal of subsidiaries during the year ended is as follows:	
Cash consideration	36,823
	<hr/>

The subsidiaries disposed of in the current year made no significant contribution to the Group in respect of the cash flows, turnover and contribution to the consolidated profit after tax and before minority interests for the year.

# Notes to Financial Statements

31 December 2000

## 39. NOTES TO CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

### (f) Partial disposal and reclassification of a subsidiary during the prior year:

	1999 HK\$'000
Net assets disposed of:	
Properties under development	227,876
Cash and bank balances	4
Other receivables, deposits and prepayment	3
Exchange fluctuation reserve	16,424
Revaluation reserve	(32,086)
Minority interests	(23,904)
	<u>188,317</u>
Accounted for and discharged by:	
Cash consideration	62,002
Loss on partial disposal of a subsidiary	52,496
Reclassification of an interest in an associate, previously accounted for as a subsidiary	73,819
	<u>188,317</u>
Analysis of the net inflow of cash and cash equivalents in respect of the partial disposal of a subsidiary during the year ended 31 December 1999 is as follows:	
Cash consideration	62,002
Cash and bank balances disposed of	(4)
	<u>61,998</u>
Net inflow of cash and cash equivalents in respect of the partial disposal of a subsidiary	<u>61,998</u>

The subsidiary partially disposed of in prior year made no significant contribution to the Group in respect of the cash flows, turnover and contribution to the consolidated profit after tax and before minority interests for the year.

# Notes to Financial Statements

31 December 2000

## 40. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, during the year, the Group had transactions with the following related parties:

		Group	
		2000	1999
	Notes	HK\$'000	HK\$'000
<b>(i) Various income and expenses</b>			
Interest paid to Fine Tower Associates Limited	(a)	<b>28,599</b>	21,588
Interest paid to Ocean Rich Limited	(b)	<b>5,288</b>	7,200
Interest paid to Gain Time Holding Limited	(c)	<b>7,979</b>	–
Management fees receivable from jointly-controlled entities	(d)	<b>2,290</b>	57,458
Interest income from a related company	(e)	<b>882</b>	–
Interest expense payable to a related company	(f)	<b>38</b>	–

(a) The interest paid relates to a long term loan of HK\$280 million borrowed from Fine Tower Associates Limited, a related company. Mr. Wong Sai Chung, a director of the Company, is a director and controlling shareholder of the related company. The interest is charged based on the prevailing market interest rates.

(b) The interest paid relates to a loan of HK\$100 million borrowed from Ocean Rich Limited, a related company, which has been repaid in July 2000. Mr. Wong Sai Chung, a director of the Company, is a director and controlling shareholder of the related company. The interest is charged based on the prevailing market interest rates.

(c) The interest paid relates to a loan of HK\$140 million borrowed from Gain Time Holding Limited, a related company. Mr. Wong Sai Chung, a director of the Company, is a director and controlling shareholder of the related company. The interest is charged based on the prevailing market interest rates.

(d) The management fee income relates to the administration and management services provided to jointly-controlled entities. The income is based on 1% of the gross proceeds of the property sales.

# Notes to Financial Statements

31 December 2000

## 40. RELATED PARTY TRANSACTIONS *(Continued)*

### (i) Various income and expenses *(Continued)*

- (e) The interest income was generated from the amounts held by a related company, which is a bank. The interest rates on the bank accounts are similar to those given to other customers of the bank.
- (f) The interest expense was derived from a loan granted by a related company, which is a bank. The interest rate is similar to that charged to other customers of the bank.

### (ii) Indemnities

Both the Company and Mr. Wong Sai Chung have undertaken several deeds of indemnity to indemnify Concord Land Development Company Limited for its diminution in value arising from certain tax liabilities. Further details are set out in note 30.

## 41. CAPITAL COMMITMENTS

	Group	
	2000	1999
	HK\$'000	HK\$'000
Authorised and contracted for	406,206	206,107
Authorised, but not contracted for	72,132	84,473
	<u>478,338</u>	<u>290,580</u>

The Company had no significant capital commitment as at 31 December 2000 (1999: Nil).

# Notes to Financial Statements

31 December 2000

## 42. OTHER COMMITMENTS

	Group	
	2000	1999
	HK\$'000	HK\$'000
Annual commitments payable in the following year under non-cancellable operating leases for land and buildings expiring:		
Within one year	–	226
In the second to fifth years, inclusive	2,786	2,786
After five years	943	886
	<u>3,729</u>	<u>3,898</u>
Other commitments expiring after five years	1,127	2,064
	<u>4,856</u>	<u>5,962</u>

The other commitments mainly represent annual sub-contracting fees payable to Chinese joint venture parties (see note 46 to the financial statements).

The Company had no operating lease or other commitments as at 31 December 2000 (1999: Nil).

## 43. CONTINGENT LIABILITIES

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees of banking facilities granted to:				
Subsidiaries	–	–	661,947	1,015,310
Associates	6,600	15,500	6,600	15,500
	<u>6,600</u>	<u>15,500</u>	<u>668,547</u>	<u>1,030,810</u>

In addition, a subsidiary has given guarantees to a bank in respect of the punctual and complete discharge of the mortgage loans granted by the bank to the purchasers of the properties developed by the Company's subsidiary, Shanghai Jinan Concord Real Estate Co., Limited, in consideration for the bank agreeing to grant mortgage facilities to the purchasers.

# Notes to Financial Statements

31 December 2000

## 44. POST BALANCE SHEET EVENTS

- (a) On 1 February 2001, Concord Land Development Company Limited ("Concord Land") entered into an agreement with Smart Choice Properties Limited, a 10% minority shareholder, to acquire the remaining 10% equity interest in Daily Rich Limited at a consideration of HK\$32 million.
- (b) Please refer to note 31(d) for the offer to acquire the remaining 25% shareholding in Concord Land through a voluntary conditional share exchange offer.

## 45. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved by the board of directors on 13 June 2001.

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Name	Nominal value of issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
		2000	1999	
Incorporated and operating in Hong Kong				
Concord Tempo Limited*	HK\$2	100%	100%	Procurement of watch components and related services
Duralite Communications Limited*	HK\$1,000,000	60%	60%	Sale of telecommunications components
Elite-Splendid Enterprises Limited*	HK\$2	75%	75%	Property development
Ranki International Limited*	HK\$2	75%	75%	Provision of management services
Get Luck Development Limited*	HK\$2	75%	75%	Property development
Superforce Resources Limited**	HK\$2	75%	—	Provision of mortgage loans
Smile Beauty Investments Limited**	HK\$1	67½%	—	Sale of properties

# Notes to Financial Statements

31 December 2000

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Nominal value of issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
		2000	1999	
Incorporated and operating in the Cayman Islands				
Concord Land Development Company Limited*	HK\$125,988,660	75%	75%	Investment holding
Incorporated and operating in the British Virgin Islands				
Daily Rich Limited*	US\$50,000	67½%	67½%	Investment holding
Vivid Capital Investments Limited*	US\$50,000	70%	70%	Investment holding
Ruler Logic International Inc.	US\$1	100%	100%	Investment holding
Concord Telecommunications Holding Limited*	US\$10	60%	60%	Provision of mobile telecommunications services
Pacific Concord Finance Limited	US\$1	100%	100%	Corporate finance
Pacific Concord Finance (1994) Limited	US\$1	100%	100%	Corporate finance
Camstar Capital Limited	US\$1	100%	100%	Investment holding
China Rich Worldwide Limited*	US\$45,001	75%	75%	Investment holding
China View Group Limited*	US\$1,000	75%	75%	Investment holding
New Telecom Technology Limited*	US\$1	60%	60%	Sale of telecommunications products
Recognition Inc.*	US\$1	75%	75%	Property development



# Notes to Financial Statements

31 December 2000

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(Continued)*

Name	Nominal value of issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
		2000	1999	
Incorporated and operating in the British Virgin Islands <i>(Continued)</i>				
Qualiwell Investment Limited*	US\$2	75%	75%	Property investment
King Host Limited* (Formerly Host King Limited)	US\$1	75%	75%	Property development
Mass Ocean International Limited*	US\$1	75%	75%	Property development
Mayson Development Limited*	US\$10	67 <sup>1</sup> / <sub>2</sub> %	67 <sup>1</sup> / <sub>2</sub> %	Property development
Gross Map Enterprises Limited*	US\$1	75%	75%	Property development
Top Link Company Limited*	US\$50,000	40 <sup>1</sup> / <sub>8</sub> %	40 <sup>1</sup> / <sub>8</sub> %	Property development
Ramsford Development Limited	US\$1	100%	100%	Investment holding
Metro Deluxe Limited	US\$1	100%	100%	Corporate finance
Clever Gold Limited	US\$1	100%	100%	Corporate finance
Smart Unicom Limited	US\$1	100%	100%	Corporate finance
Chains Way Limited	US\$1	100%	100%	Investment holding
Star Host Limited*	US\$1	75%	75%	Property holding
Beauty Rich Enterprises Limited*	US\$1	75%	75%	Property holding
Add More Assets Limited*	US\$1	75%	75%	Investment holding
Claude Associates Limited*	US\$1	75%	75%	Investment holding
Concord Property Development Limited**	US\$50,000	67 <sup>1</sup> / <sub>2</sub> %	—	Investment holding

# Notes to Financial Statements

31 December 2000

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Nominal value of issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
		2000	1999	
Registered and operating in the People's Republic of China ("PRC")				
Concord Electronic Industrial (Zhu Hai) Company Limited*	HK\$14,900,000	100%	100%	Manufacture of quartz watches
Xiamen C.G.C. Trading Co. Limited*	US\$1,000,000	70%	70%	Department store
Concord Properties (Wuhan) Limited*	US\$5,000,000	75%	75%	Property development
Shanghai Jinan-Concord Real Estate Co., Limited*	US\$48,000,000	69%	69%	Property development
Suzhou Concord Real Estate Company Limited*	US\$5,000,000	55%	55%	Property development
Beijing Leimeng-Concord Department Store*	RMB4,000,000	100%	100%	Department store
Concord Department Stores (Beilun) Limited*	RMB1,059,865	100%	100%	Investment holding
Shanghai Xie He Zheng Zhang Market Co., Ltd.*	RMB3,500,000	100%	100%	Department store
Concord Department Stores (Beifeng) Limited*	RMB13,000,000	100%	100%	Department store
Sichuen Concord Textile***	RMB40,000,000	–	60%	Department store
Ningbo Concord Department Store Limited*	RMB5,000,000	50%	50%	Department store

# Notes to Financial Statements

31 December 2000

## 46. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Name	Nominal value of issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
		2000	1999	
<b>Registered and operating in the PRC (Continued)</b>				
Shunba Development (Zhuhai) Limited*	HK\$7,000,000	60%	60%	Manufacture and sale of telecommunications products
Sichuan Concord Electronic Industry Company Limited*	HK\$4,270,000	60%	60%	Manufacture and sale of telecommunications products
Concord Properties (Ningbo) Limited*	RMB20,000,000	71 <sup>1</sup> / <sub>4</sub> %	71 <sup>1</sup> / <sub>4</sub> %	Investment holding
Shanghai Min Xin Concord Property Development Co., Ltd.*	RMB150,000,000	74%	69 <sup>1</sup> / <sub>5</sub> %	Property development
Chengdu Concord Communications Research and Development Company Limited***	US\$810,000	–	60%	Telecommuni cations services

\* Indirect subsidiary

\*\* On 15 September 2000, the remaining 50% equity interest in Concord Property Development Limited, Smile Beauty Investments Limited and Superforce Resources Limited were acquired from a third party by Concord Land and they have since become subsidiaries of the Group.

\*\*\* Disposed of during the year.

Companies registered in the PRC operate for a finite period of time as specified in the joint venture agreements. These periods may be extended upon mutual agreement of the joint venture partners and in accordance with the relevant PRC laws. The first and the last expiry dates of the terms of these subsidiaries fall in the years 2000 and 2069, respectively.

Except for Shanghai Jinan-Concord Real Estate Co. Ltd., Suzhou Concord Real Estate Company Ltd., Concord Properties (Ningbo) Limited and Shanghai Min Xin Concord Property Development Co. Ltd., all subsidiaries registered and operating in the PRC are subject to sub-contracting arrangements under which the Group is entitled to receive all of the profits and is required to bear all of the losses of these companies in return for the payment of pre-agreed annual fees to the fellow joint venture partners. The percentage of equity interest attributable to the Group reflects the Group's interests after taking into account the sub-contracting arrangements.

The above table lists the principal subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

# Notes to Financial Statements

31 December 2000

## 47. PARTICULARS OF PRINCIPAL ASSOCIATES

Name	Business structure	Place of incorporation/ registration and operations	Percentage of ownership interest attributable to the Group		Principal activities
			2000	1999	
Tempo Electronic Industrial Company Limited	Corporate	PRC	50%	50%	Manufacture of quartz watches
Concord Oil Limited	Corporate	British Virgin Islands	33%	33%	Distribution of petroleum products
Rachada Concord Co. Ltd.	Corporate	Thailand	35%	35%	Property development
Guangzhou Sifang Concord Real Estate Company Limited	Corporate	PRC	22 <sup>1</sup> / <sub>2</sub> %	22 <sup>1</sup> / <sub>2</sub> %	Property development
Superforce Resources Limited*	Corporate	Hong Kong	–	37 <sup>1</sup> / <sub>2</sub> %	Provision of mortgage loans
Concord Properties (Shenyang) Limited	Corporate	PRC	22 <sup>1</sup> / <sub>2</sub> %	22 <sup>1</sup> / <sub>2</sub> %	Property development
Zhuhai Micro-net works, Inc	Corporate	PRC	30%	30%	Manufacture of electronic products

\* On 15 September 2000, the remaining 50% equity interest of Superforce Resources Limited was acquired from a third party by Concord Land and it then became a subsidiary of the Group.

Companies registered in the PRC operate for a finite period of time as specified in the joint venture agreements. These periods may be extended upon mutual agreement of the joint venture partners and in accordance with the relevant PRC laws. The first and the last expiry dates of the terms of these associates fall in the years 2008 and 2025, respectively.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.