

4. FINANCE COSTS

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Interest on borrowings wholly repayable within five years:		
Bank overdrafts	3	95
Other borrowings	<u>590</u>	<u>270</u>
	<u><u>593</u></u>	<u><u>365</u></u>

5. PROFIT BEFORE TAXATION

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Auditors' remuneration	500	300
Loss from error trades	161	688
Operating lease rentals in respect of rented premises	5,226	3,472
Contributions to retirement benefits scheme	<u>187</u>	<u>—</u>

6. DIRECTORS' REMUNERATION

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Fees paid to Independent Non-executive Directors	58	—
Other emoluments paid to Executive Directors:		
Salaries and other benefits	1,517	1,000
Discretionary bonus	167	—
Contributions to retirement benefits scheme	<u>8</u>	<u>—</u>
	<u><u>1,750</u></u>	<u><u>1,000</u></u>

During both years, the aggregate emoluments of each of the Directors were less than HK\$1,000,000.

During the year, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group. None of the Directors has waived any emoluments during the year.

(continued)

7. FIVE HIGHEST PAID EMPLOYEES

The five individuals with the highest emoluments in the Group included two Directors of the Company for both years, details of whose emoluments are included in note 6. The emoluments of the remaining individuals were as follows:

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Salaries and other benefits	1,416	1,610
Discretionary bonus	75	—
Contributions to retirement benefits scheme	12	—
	<u>1,503</u>	<u>1,610</u>

During both years, the aggregate emoluments of each of the above-mentioned remaining individuals were less than HK\$1,000,000.

During the year, no emoluments were paid by the Group to the above-mentioned individuals as an inducement to join the Group or as compensation for loss of office.

8. TAXATION

	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Hong Kong Profits Tax		
Provision for the year	1,859	6,689
Overprovision in prior year	(4)	—
	<u>1,855</u>	<u>6,689</u>

Hong Kong Profits Tax is calculated at 16% on the estimated assessable profits for both years.

The Group did not have any significant unprovided deferred taxation for the year or as at the balance sheet dates.

9. NET PROFIT FOR THE YEAR

Of the net profit of the Group for the year of approximately HK\$34,116,000 (2000: HK\$42,614,000), a loss of approximately HK\$2,020,000 (2000: HK\$39,000) has been dealt with in the financial statements of the Company.

10. DIVIDENDS

Certain subsidiaries of the Group declared special dividends with an aggregate amount of HK\$25,000,000 (2000: HK\$15,000,000) to the then shareholders prior to the Reorganisation.

11. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year ended 31 March 2001 of HK\$34,116,000 (2000: HK\$42,614,000) and on the weighted average of 187,993,151 (2000: 157,500,000) shares in issue during the year on the assumption that the Reorganisation had been completed on 1 April 1999.

12. FIXED ASSETS

	Leasehold improvements HK\$'000	Computer equipment HK\$'000	Furniture and fixtures HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
THE GROUP					
At 1 April 2000	80	577	1,901	393	2,951
Acquired on acquisition of business	—	—	14	—	14
Additions	—	723	999	1,051	2,773
	<u>80</u>	<u>1,300</u>	<u>2,914</u>	<u>1,444</u>	<u>5,738</u>
At 31 March 2001	80	1,300	2,914	1,444	5,738
DEPRECIATION					
At 1 April 2000	20	327	1,013	393	1,753
Provided for the year	16	250	569	—	835
	<u>36</u>	<u>577</u>	<u>1,582</u>	<u>393</u>	<u>2,588</u>
At 31 March 2001	36	577	1,582	393	2,588
NET BOOK VALUES					
At 31 March 2001	<u>44</u>	<u>723</u>	<u>1,332</u>	<u>1,051</u>	<u>3,150</u>
At 31 March 2000	<u>60</u>	<u>250</u>	<u>888</u>	<u>—</u>	<u>1,198</u>

The Group's motor vehicle with a net book value of HK\$1,051,000 (2000: nil) is held under a finance lease.

13. INTANGIBLE ASSETS

The amount represents two trading rights in the Stock Exchange and one trading right in the Futures Exchange and they are stated at cost.

(continued)

14. INVESTMENTS IN SECURITIES

	THE GROUP	
	2001	2000
	HK\$'000	HK\$'000
Other unlisted securities:		
3,003,500 shares in the HKEC, at Directors' valuation	—	11,654

15. INVESTMENTS IN SUBSIDIARIES

	2001	2000
	HK\$'000	HK\$'000
Unlisted shares, at cost	89,827	—

The cost is based on the value of the underlying net tangible assets of the subsidiaries attributable to the Group as at the date on which the Company became the holding company of the Group under the Reorganisation.

Particulars of the subsidiaries of the Company at 31 March 2001 are as follows:

Name	Place of incorporation	Class of shares held	Issued and fully paid share capital	Principal activities
Karl Thomson (B.V.I.) Limited	British Virgin Islands	Ordinary	HK\$10	Investment holding
Karl-Thomson Securities Company Limited	Hong Kong	Ordinary	HK\$5,000,000	Securities dealing and broking
Karl-Thomson Commodities Company Limited	Hong Kong	Ordinary	HK\$5,000,000	Futures dealing and broking
Karl Thomson Finance Limited	Hong Kong	Ordinary	HK\$11,000,000	Securities margin financing
Karl Thomson Development Limited (formerly known as "Easy Line Limited")	Hong Kong	Ordinary	HK\$10,000	Investment holding
Karl Thomson Credit Limited	Hong Kong	Ordinary	HK\$10,000	Inactive
Karl Thomson Investment Services Limited	Hong Kong	Ordinary	HK\$5,000,000	Inactive
Karl Thomson Technologies International Limited	Hong Kong	Ordinary	HK\$10,000	Inactive

15. INVESTMENTS IN SUBSIDIARIES *(Continued)*

The principal place of operation of the subsidiaries is Hong Kong.

The Company directly holds the interest in Karl Thomson (B.V.I.) Limited. All other subsidiaries shown above are indirectly held by the Company. All subsidiaries are wholly owned by the Company.

16. OTHER ASSETS

	THE GROUP	
	2001	2000
	HK\$'000	HK\$'000
Deposits with:		
The Stock Exchange	275	350
The Futures Exchange	100	100
The SFC	2,100	100
Hong Kong Securities Clearing Company Limited ("HKSCC")	200	200
Reserve Fund Contribution to Futures Exchange Clearing Corporation Limited ("HKFECC")	1,500	1,500
	<u>4,175</u>	<u>2,250</u>

17. ACCOUNTS RECEIVABLE

	THE GROUP	
	2001	2000
	HK\$'000	HK\$'000
Accounts receivable arising from the ordinary course of business of dealing in securities:		
Cash clients	9,606	39,294
HKSCC	—	232
Brokers	94	—
Accounts receivable from HKFECC arising from the ordinary course of business of dealing in futures contracts	1,654	5,476
Loans to securities margin clients	54,344	—
	<u>65,698</u>	<u>45,002</u>

The settlement terms of accounts receivable from cash clients, HKSCC, brokers and HKFECC are one to four days after the trade date.

Loans to securities margin clients are secured by clients' pledged securities, repayable on demand and bear interest at prevailing market rates. In the opinion of Directors, no aged analysis is disclosed as the aged analysis does not give additional value.