

(continued)

18. AMOUNT DUE FROM A RELATED COMPANY

Particulars of the amount due from a related company in which Mr. Nam Kwok Lun has a beneficial interest are as follows:

Name of related company	Terms of loan	Balance at 31.3.2001 <i>HK\$'000</i>	Balance at 31.3.2000 <i>HK\$'000</i>	Maximum amount outstanding during the year <i>HK\$'000</i>
Karl Thomson Finance Company ("KTFC")	Unsecured, repayable on demand and non-interest bearing	—	50,393	50,393

During the year, the Group acquired certain assets and liabilities from KTFC which included the amount payable to the Group. As such, this amount due from KTFC became an intra-group receivable and was eliminated on consolidation.

19. PLEDGED FIXED DEPOSIT

The Group had pledged a fixed deposit of HK\$2,035,000 (2000: HK\$4,822,000) to a bank to secure general banking facilities granted to the Group.

20. BANK BALANCES AND CASH

	THE GROUP		THE COMPANY	
	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Bank balances:				
General accounts	79,044	39,189	25,777	—
Trust accounts	17,219	15,819	—	—
Segregated accounts	2,049	5,461	—	—
Cash in hand	2	1	—	—
	<u>98,314</u>	<u>60,470</u>	<u>25,777</u>	<u>—</u>

21. ACCOUNTS PAYABLE

	THE GROUP	
	2001	2000
	HK\$'000	HK\$'000
Accounts payable arising from the ordinary course of business of dealing in securities:		
Cash clients	17,952	42,116
HKSCC	2,258	6,467
Brokers	92	—
Accounts payable to clients arising from the ordinary course of business of dealing in futures contracts	3,621	9,936
Amounts due to securities margin clients	4,748	—
	28,671	58,519

The settlement terms of accounts payable to cash clients, HKSCC and brokers are two to four days after the trade date.

Accounts payable to clients arising from the ordinary course of business of dealing in futures contracts are margin deposits received from clients for their tradings of futures contracts on the Futures Exchange. The excesses of the outstanding amounts over the required margin deposits stipulated by the Futures Exchange are repayable to clients on demand. In the opinion of Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

Amounts due to securities margin clients are repayable on demand. In the opinion of Directors, no aged analysis is disclosed as the aged analysis does not give additional value.

22. AMOUNT DUE TO A DIRECTOR

The amount was unsecured, non-interest bearing and was fully repaid during the year.

23. OBLIGATIONS UNDER A FINANCE LEASE

	THE GROUP	
	2001	2000
	HK\$'000	HK\$'000
The maturity of obligations under a finance lease is as follows:		
Within one year	317	—
More than one year, but not exceeding five years	594	—
	911	—

(continued)

24. SHARE CAPITAL

	Number of shares '000	HK\$'000
Ordinary shares of HK\$0.1 each		
<i>Authorised:</i>		
On incorporation and at 31 March 2000 and 1 April 2000	1,000	100
Increase during the year	999,000	99,900
	<hr/>	<hr/>
At 31 March 2001	1,000,000	100,000
	<hr/>	<hr/>
<i>Issued and fully paid:</i>		
Allotted and issued nil paid on incorporation and at 31 March 2000 and 1 April 2000	1,000	—
Issue of shares on the Reorganisation	1,000	100
Credited as fully paid from contributed surplus account	—	100
Issue of shares by capitalisation of share premium account	155,500	15,550
Placing and public offer of shares	52,500	5,250
	<hr/>	<hr/>
At 31 March 2001	210,000	21,000
	<hr/>	<hr/>

The Company was incorporated in Bermuda on 29 March 2000 with an authorised share capital of HK\$100,000 divided into 1,000,000 shares of HK\$0.1 each, all of which were allotted and issued nil paid to the subscriber on 30 March 2000.

Pursuant to the written resolution passed by the sole shareholder on 15 August 2000:

- the authorised share capital of the Company was increased from HK\$100,000 to HK\$200,000 by the creation of additional 1,000,000 of HK\$0.1 each;
- the Company allotted and issued 1,000,000 new ordinary shares of HK\$0.1 each for the acquisition of the entire issued share capital of Karl Thomson (B.V.I.) Limited pursuant to the Reorganisation as stated in note 1; and
- an amount of HK\$100,000 standing to the credit to the contribution surplus account of the Company was applied in paying up in full at par the 1,000,000 shares allotted and issued nil paid on 30 March 2000.

24. SHARE CAPITAL *(Continued)*

Pursuant to the written resolution passed by the sole shareholder on 16 August 2000:

- (a) the authorised share capital of the Company was increased from HK\$200,000 to HK\$100,000,000 by the creation of additional 998,000,000 of HK\$0.1 each; and
- (b) conditional on the share premium account of the Company being credited as a result of the placing and public offer of the shares of the Company on 23 August 2000, the Directors were authorised to capitalise HK\$15,550,000 standing to the credit of the share premium account of the Company by applying such sum in paying up in full at par 155,500,000 shares for allotment and issued to the holder whose name appeared on the register of members of the Company at the close of business on 16 August 2000 in proportion to their then shareholdings in the Company.

On 1 September 2000, by means of placing and public offer, the Company issued a total of 52,500,000 new ordinary shares of HK\$0.1 each at a price of HK\$1.2 per share.

All the shares which were issued during the period rank *pari passu* with the then existing shares in all respects.

The share capital as at 31 March 2000 represented the aggregate amount of the nominal values of the combined issued share capital of the companies now comprising the Group prior to the Reorganisation.

25. SHARE OPTION SCHEME

Pursuant to the Option Scheme approved by the written resolution of the sole shareholder of the Company on 16 August 2000, the Board may, at its discretion, invite any employee including any Executive Director of any company in the Group, to take up options to subscribe for shares in the Company at any time during the ten years from the date of approval.

The subscription price for shares will be a price determined by the Board and in any event may not be less than 80% of the average of the closing prices of the shares of the Company on the Stock Exchange for the five trading days immediately preceding the date of the option granted or the nominal value of the shares, whichever is the higher.

Options granted are exercisable at any time during the exercise period determined by the Board but in any case such exercise period shall not exceed three years commencing on the six months after the date of the option is accepted and expiring in the last day of such period or 15 August 2010, whichever is earlier.

The maximum number of shares in respect of which options may be granted shall not exceed 10% of the issued share capital of the Company from time to time, and the maximum number of shares in respect of which options may be granted to any one Executive Director or employee may not exceed 25% of the maximum number of shares in respect of which options may be granted under the Option Scheme.

From the date on which the Option Scheme was approved to 31 March 2001, no options were granted.

(continued)

26. RESERVES

	Share premium HK\$'000	Special reserve HK\$'000	Goodwill reserve HK\$'000	Investment revaluation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
THE GROUP						
At 1 April 1999	—	—	—	—	37,645	37,645
Surplus arising from the revaluation of investments in securities	—	—	—	11,604	—	11,604
Net profit for the year	—	—	—	—	42,614	42,614
Dividends	—	—	—	—	(15,000)	(15,000)
At 31 March 2000 and 1 April 2000	—	—	—	11,604	65,259	76,863
Shares issued at premium	57,750	—	—	—	—	57,750
Expenses in connection with the listing of the shares of the Company	(9,131)	—	—	—	—	(9,131)
Capitalisation	(15,550)	(100)	—	—	—	(15,650)
Surplus arising on the Reorganisation	—	29,240	—	—	—	29,240
Realised on disposal of investments in securities	—	—	—	(11,604)	—	(11,604)
Goodwill on acquisition of business	—	—	(13,950)	—	—	(13,950)
Net profit for the year	—	—	—	—	34,116	34,116
Dividends	—	—	—	—	(25,000)	(25,000)
At 31 March 2001	33,069	29,140	(13,950)	—	74,375	122,634

The special reserve of the Group represents the difference between the nominal value of shares of the acquired subsidiaries and the nominal value of the shares of the Company issued for the acquisition at the time of the Reorganisation.