

NOTES TO THE ACCOUNTS

31st December 1999

1 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated accounts are set out below:

(a) Basis of preparation

The accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The accounts are prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, investment properties and investment in securities.

(b) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st December. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal or change in status, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or negative goodwill which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision, if necessary, for any permanent diminution in value. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Associated companies

An associated company is a company, not being a subsidiary or a jointly controlled entity, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies.

In the Company's balance sheet the investments in associated companies are stated at cost less provision, if necessary, for any permanent diminution in value. The results of associated companies are accounted for by the Company on the basis of dividends received and receivable.

1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(d) Jointly controlled entities

A joint venture 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.

A jointly controlled entity is a joint venture which involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The jointly controlled entity operates in the same way as other enterprises, except that a contractual arrangement between the venturers establishes joint control over the economic activity of the entity.

The consolidated profit and loss account includes the Group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the jointly controlled entities.

In the Company's balance sheet, the investments in jointly controlled entities are stated at cost less provision, if necessary, for any permanent diminution in value. The results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

(e) Goodwill arising on consolidation

Goodwill represents the excess of purchase consideration over the fair values ascribed to the separate net assets of subsidiaries, associated companies and jointly controlled entities acquired. Negative goodwill represents the excess of fair values ascribed to the separate net assets of subsidiaries, associated companies and jointly controlled entities acquired over the purchase consideration. Any goodwill arising on consolidation is taken to reserves in the year of acquisition.

(f) Fixed assets

(i) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties held on leases with unexpired periods greater than 20 years are valued by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to operating profit. Any subsequent increases are credited to operating profit up to the amount previously debited.

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining portion of the leases.

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

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1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(f) Fixed assets (Cont'd)

(ii) Leasehold land and buildings in Hong Kong

In previous years the Group carried its leasehold land and buildings in Hong Kong at cost or at revalued amounts and revaluation surpluses or deficits were dealt with as movements in the revaluation reserve. Effective from 30th September 1995, no further revaluations have been carried out. The Group places reliance on paragraph 72 of the Statement of Standard Accounting Practice No. 17 issued by the Hong Kong Society of Accountants which provides exemption from the need to make regular revaluations for such assets.

(iii) Leasehold land and buildings outside Hong Kong and other fixed assets

Leasehold land and buildings outside Hong Kong and other fixed assets are stated at cost less accumulated depreciation and any provisions required to reflect recoverable amounts.

(iv) Construction-in-progress

Construction-in-progress stated at cost comprises factories and office buildings under construction, and production plant, machinery and other fixed assets under installation. No depreciation and amortisation is provided on construction-in-progress until such time as the relevant assets are completed and put into use.

(v) Depreciation of fixed assets

Leasehold land is depreciated over the period of the lease while other tangible fixed assets are depreciated at rates sufficient to write off their costs, over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	Over the shorter of the term of the leases or 20 to 40 years
Furniture, fixtures and equipment	15% - 20%
Plant and machinery	10%
Motor vehicles	20%
Trucks	12.5%

(vi) Cost of restoring and improving fixed assets

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(f) Fixed assets (Cont'd)

(vii) Impairment of fixed assets

The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts.

(viii) Gain or loss on disposal of fixed assets

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained profits and is shown as a movement in reserves.

(g) Investments in securities

(i) Investment securities

Investment securities are stated at cost less any provision for diminution in value.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such securities should be reduced to its fair value. The amount of the reduction is recognised as an expense in the profit and loss account.

(ii) Other investments

Other investments are carried at fair value. At each balance sheet date, the net unrealised gains or losses arising from the changes in fair value of other investments are recognised in the profit and loss account. Profits or losses on disposal of other investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(h) Inventories

Inventories comprise stocks and work in progress and are stated at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises materials, direct labour, shipping costs and an appropriate proportion of all production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

NOTES TO THE ACCOUNTS

31st December 1999

1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(i) Accounts receivable

Provision is made against accounts receivable to the extent that they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(j) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or asset is expected to be payable or receivable in the foreseeable future.

(k) Translation of foreign currencies

Transactions in foreign currencies are translated into Hong Kong dollars at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of overseas subsidiaries, associated companies and jointly controlled entities expressed in foreign currencies are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising are dealt with as a movement in the exchange fluctuation reserve.

(l) Revenue recognition

Revenue from the sale of goods is recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers and title has passed.

Revenue from container transportation and storage services, brokerage and commission, management and consultancy services rendered is recognised once the duties under the service contracts are performed and outcome of the transactions can be foreseen with reasonable certainty.

All transactions related to securities trading are recorded in the accounts based on trade dates. Accordingly, only those transactions whose trade dates fall within the accounting year have been taken into account.

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Operating lease rental income is recognised on a straight-line basis.

NOTES TO THE ACCOUNTS

31st December 1999

1 PRINCIPAL ACCOUNTING POLICIES (Cont'd)

(m) Retirement benefit costs

The Group's contributions to the defined contribution retirement schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in independently administered funds.

2 REVENUE AND TURNOVER

Revenues recognised during the year from the Group's principal activities are as follows:

	Group	
	1999 HK\$	1998 HK\$
Turnover		
Sales of child products	460,428,563	527,492,089
Operating income from container transportation and storage services	46,813,827	46,373,630
Proceeds from securities dealing	188,691,522	307,780,715
Brokerage and commission	4,940,066	5,081,262
Dividend income	883,494	2,221,693
Interest income	13,102,020	17,156,569
Rental income from investment properties	2,079,213	2,628,644
Management fee received	60,600	196,670
Consultancy service income	2,455,200	5,077,230
Total revenues and turnover	<u>719,454,505</u>	<u>914,008,502</u>

NOTES TO THE ACCOUNTS

31st December 1999

3 OPERATING PROFIT/(LOSS)

	Group	
	1999	1998
	HK\$	HK\$
Operating profit/(loss) is stated after crediting and charging the following:—		
Crediting		
Reversal of provision for doubtful debts	6,215,250	—
Gain on disposal of a subsidiary	2,120,623	—
Gain on disposal of associated companies	—	1,703,779
	<u> </u>	<u> </u>
Charging		
Depreciation	21,623,910	19,751,411
Staff costs	39,653,760	40,239,608
Cost of inventories sold	332,169,115	403,950,100
Direct expense in respect of container transportation and freight forwarding services	37,107,941	43,662,200
Cost of other investments disposed (note)	171,733,139	317,675,920
Operating leases rental in respect of land and buildings	2,409,125	2,343,168
Outgoings in respect of investment properties	542,411	720,109
Retirement benefit costs (Note 9)	8,587,712	7,852,492
Auditors' remuneration	1,098,617	1,350,708
Loss on disposal of fixed assets	352,299	5,095,988
Loss on disposal of investment securities	585,277	2,357,287
Unrealised (gain)/loss on revaluation of other investments	(587,476)	13,177,125
Provision for diminution in value of investment securities		
— listed investments	2,873,705	19,325,399
— unlisted investments	714,858	57,111,914
Provision for minority interests	—	9,037,738
Provision for deposit paid on purchase of a property	—	22,341,000
Provision for a loan receivable	—	21,762,000
Net exchange losses	2,158,128	625,413
	<u> </u>	<u> </u>

Note: The net realised gain on disposal of other investments amounted to HK\$16,958,383 (1998: loss of HK\$9,895,205).

4 FINANCE COSTS

	Group	
	1999	1998
	HK\$	HK\$
Interest on bank loans and overdrafts wholly repayable within five years	5,360,121	10,342,943
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS

31st December 1999

5 TAXATION

Hong Kong profits tax has been provided for at the rate of 16% (1998: 16%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

(a) The amount of taxation charged to the consolidated profit and loss account represents:—

	Group	
	1999 HK\$	1998 HK\$
Hong Kong profits tax		
Current	144,000	—
Under/(over) provision in previous year	9,293	(388,316)
10% 1997/98 Hong Kong profits tax rebate	(9,780)	—
Overseas taxation		
Current	5,338,736	4,140,252
Share of taxation attributable to:		
Associated companies	4,038,478	4,259,720
Jointly controlled entities	2,400,602	313,724
	<u>11,921,329</u>	<u>8,325,380</u>

(b) The amount of taxation in the balance sheets represent:—

	Group		Company	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Recoverable				
Hong Kong	38,175	29,102	—	—
Overseas	—	19	—	—
	<u>38,175</u>	<u>29,121</u>	<u>—</u>	<u>—</u>
Payable				
Hong Kong	173,450	29,450	—	—
Overseas	583,407	15,961,493	—	—
	<u>756,857</u>	<u>15,990,943</u>	<u>—</u>	<u>—</u>

NOTES TO THE ACCOUNTS

31st December 1999

5 TAXATION (Cont'd)

- (c) No deferred tax asset has been recognised in the accounts as the directors are uncertain whether this asset will crystallise. The major deferred tax assets and liabilities not recognised in these accounts are as follows:—

	Group	
	1999	1998
	HK\$'000	HK\$'000
Accelerated depreciation allowances	(168)	(702)
Tax losses not yet utilised	22,736	19,785
	<u>22,568</u>	<u>19,083</u>

6 PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$7,973,301 (1998: loss of HK\$89,546,707).

7 EARNINGS/(LOSS) PER ORDINARY SHARE

The calculation of basic and diluted earnings/(losses) per ordinary share is based on the Group's profit attributable to shareholders of HK\$54,321,425 (1998: loss of HK\$143,029,322). The basic earnings per share is based on the weighted average number of 1,064,442,622 (1998: 1,027,738,205) ordinary shares in issue during the year. The diluted earnings per share is based on 1,068,877,579 ordinary shares which is the weighted average number of ordinary shares in issue during the year plus the weighted average number of 4,434,957 ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised. For the year ended 31st December 1998, since the exercise prices of the Company's outstanding share options and warrants were much higher than the fair value per share of the Company during 1998, diluted loss per share is not shown as potential ordinary shares would have no dilutive effect.

NOTES TO THE ACCOUNTS

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8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remuneration

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	Group	
	1999 HK\$'000	1998 HK\$'000
Fees	620	720
Other emoluments:		
Basic salaries, housing allowances, other allowances and benefits in kind	6,648	7,058
Discretionary bonuses	5,000	900
Retirement scheme contributions	305	359
	<u>12,573</u>	<u>9,037</u>

Directors' fees disclosed above include HK\$540,000 (1998: HK\$480,000) paid to independent non-executive directors.

Certain directors of the Company have been granted options to acquire shares of the Company as follows:—

Name of Directors	Number of ordinary shares		
	Granted during the year	Exercised during the year	* At the end of the year
Mr LAO Yuan Yi	—	1,856,000	22,842,000 (i)
Mr CHOW Fu Kee, Felix	—	3,096,000	6,052,800 (ii)
Mr XIN Shulin, Steve	—	2,000,000	10,337,620 (iii)
Mr YEUNG Wai Kin	—	—	13,895,864 (iii)
Mr HU Yi Ming	—	—	3,300,000 (iv)

* These represent the options granted in prior years which had not been exercised as at the year end date.

(i) The options are exercisable at HK\$0.283 to HK\$0.816 per share with expiry dates between 7th October 2005 and 15th July 2008.

(ii) The options are exercisable at HK\$0.318 to HK\$0.453 per share with expiry dates between 9th February 2005 and 15th July 2006.

(iii) The options are exercisable at HK\$0.283 to HK\$0.816 per share with expiry dates between 9th February 2005 to 15th July 2008.

(iv) The options are exercisable at HK\$0.283 to HK\$0.816 per share with expiry dates between 12th November 2007 to 15th July 2008.

NOTES TO THE ACCOUNTS

31st December 1999

8 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (Cont'd)

The emoluments of the directors fell within the following bands:

Emolument bands HK\$	Number of directors	
	1999	1998
0 - 1,000,000	7	8
1,000,001 - 1,500,000	—	1
1,500,001 - 2,000,000	2	1
2,000,001 - 2,500,000	—	1
2,500,001 - 3,000,000	1	1
3,000,001 - 3,500,000	—	—
3,500,001 - 4,000,000	—	—
4,000,001 - 4,500,000	—	—
4,500,001 - 5,000,000	—	—
5,000,001 - 5,500,000	—	—
5,500,001 - 6,000,000	1	—
	<u>11</u>	<u>12</u>

No directors have waived emoluments in respect of the years ended 31st December 1999 and 1998.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (1998: four) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (1998: one) individual during the year are as follows:

	Group	
	1999 HK\$'000	1998 HK\$'000
Basic salaries, housing allowances, other allowances and benefits in kind	980	1,190
Discretionary bonuses	900	—
Retirement scheme contributions	42	51
	<u>1,922</u>	<u>1,241</u>

The emoluments fell within the following bands:

Emolument bands HK\$	Number of individuals	
	1999	1998
0 - 1,000,000	—	—
1,000,001 - 1,500,000	—	1
1,500,001 - 2,000,000	1	—
	<u>1</u>	<u>1</u>

NOTES TO THE ACCOUNTS

31st December 1999

9 RETIREMENT BENEFIT COSTS

The Group operates certain defined contribution retirement schemes which are available to employees. The rates of contributions are 5% of basic salary from the employees and 5% to 12.5% from the employer depending on the length of service of the individuals. The assets of the schemes are held separately from those of the Group in independently administered funds. The Group's contributions to the schemes are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. The Group also contributes to retirement plans for its employees on the Chinese Mainland and overseas at a percentage in compliance with the requirements of the respective overseas authorities.

The retirement benefit costs charged to the consolidated profit and loss accounts during the year ended 31st December 1999 represent contributions paid and payable by the Group to the schemes and amounted to HK\$8,587,712 (1998: HK\$7,852,492) less forfeitures of HK\$71,985 (1998: HK\$188,539). There is no outstanding balance (1998: HK\$9,990) as at the balance sheet date available to reduce the contributions payable in future years.

NOTES TO THE ACCOUNTS

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10 FIXED ASSETS

	Group								
	Investment properties		Land and buildings		Furniture, fixtures and equipment	Plant and machinery	Motor vehicles and trucks	Construction in progress	Total
	Long-term lease in Hong Kong HK\$	Long-term lease outside Hong Kong HK\$	Long-term lease in Hong Kong HK\$	Medium-term lease outside Hong Kong HK\$					
Cost or valuation									
At 1st January 1999	6,000,000	11,025,068	97,484,671	94,430,152	19,596,690	53,130,164	59,123,979	4,176,203	344,966,927
Additions	—	—	—	9,029,931	3,651,288	11,645,953	616,343	8,335,007	33,278,522
Reclassification of a subsidiary to jointly controlled entity	—	—	—	(78,671,173)	(8,703,441)	(58,283,045)	(6,176,005)	(10,043,570)	(161,877,234)
Disposals	—	(53,927)	—	(289,132)	(2,065,777)	—	(2,284,119)	—	(4,692,955)
At 31st December 1999	6,000,000	10,971,141	97,484,671	24,499,778	12,478,760	6,493,072	51,280,198	2,467,640	211,675,260
Accumulated depreciation									
At 1st January 1999	—	—	5,083,000	10,715,237	9,907,607	10,362,328	30,263,655	—	66,331,827
Charge for the year	—	—	1,271,580	4,377,580	3,127,167	7,102,223	5,745,360	—	21,623,910
Reclassification of a subsidiary to jointly controlled entity	—	—	—	(9,096,120)	(3,730,737)	(14,721,944)	(4,403,799)	—	(31,952,600)
Disposals	—	—	—	(28,917)	(1,971,983)	—	(2,179,549)	—	(4,180,449)
At 31st December 1999	—	—	6,354,580	5,967,780	7,332,054	2,742,607	29,425,667	—	51,822,688
Net book value									
At 31st December 1999	6,000,000	10,971,141	91,130,091	18,531,998	5,146,706	3,750,465	21,854,531	2,467,640	159,852,572
At 31st December 1998	6,000,000	11,025,068	92,401,671	83,714,915	9,689,083	42,767,836	28,860,324	4,176,203	278,635,100
The analysis at cost or valuation at 31st December 1999 of the above assets is as follows:—									
At cost	—	—	844,231	24,499,778	12,478,760	6,493,072	51,280,198	2,467,640	98,063,679
At professional valuation									
1994	—	—	96,640,440	—	—	—	—	—	96,640,440
1999	6,000,000	10,971,141	—	—	—	—	—	—	16,971,141
	6,000,000	10,971,141	97,484,671	24,499,778	12,478,760	6,493,072	51,280,198	2,467,640	211,675,260

Investment properties were revalued at 31st December 1999 on the basis of their open market values by Chung, Chan & Associates, an independent firm of chartered surveyors. The valuation remained the same as that at 31st December 1998.

The carrying amount of the land and buildings in Hong Kong under long leases would have been HK\$44,868,852 (1998: HK\$45,519,881) had they been stated at cost less accumulated depreciation.

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11 INVESTMENTS IN SUBSIDIARIES

	Company	
	1999	1998
	HK\$	HK\$
Unlisted shares, at cost	62,690,580	67,690,358
Loans to subsidiaries	826,144,938	799,432,423
Less: provision for diminution in value	(140,792,277)	(140,792,277)
	<u>748,043,241</u>	<u>726,330,504</u>

The following is a list of the principal subsidiaries at 31st December 1999 (see note (a) below):—

Name	Place of incorporation (see note (b) below)	Particulars of issued share capital/ registered capital	Effective interest held		Principal activities
			1999	1998	
Shares held directly:—					
First Shanghai Properties Limited	Hong Kong	16,500,002 ordinary shares of HK\$1 each	100%	100%	Property investment
First Shanghai Management Services Limited	Hong Kong	1,200,000 ordinary shares of HK\$1 each	100%	100%	Agency, management and secretarial services
First Shanghai Capital Limited	Hong Kong	30,000,000 ordinary shares of HK\$1 each	100%	100%	Corporate finance and stockbroking
First Shanghai Nominees Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	100%	Nominee services

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11 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name	Place of incorporation (see note (b) below)	Particulars of issued share capital/ registered capital	Effective interest held		Principal activities
			1999	1998	
Shares held directly:— (Cont'd)					
First Shanghai Direct Investments Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	100%	Investment holding
First Shanghai Assets Management Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	100%	Consultancy services
* First Shanghai Securities Investment Limited	British Virgin Islands	100 ordinary shares of US\$1 each	100%	100%	Share investment
* UAT Holdings Limited	British Virgin Islands	100 ordinary shares of US\$1 each	100%	100%	Investment holding
* Asian & Pacific Commercial Bank Limited	Vanuatu	500,000 ordinary shares of A\$1 each	100%	100%	Banking services
* P.I. Investments Australia Pty. Limited	Australia	2,000,000 ordinary shares of A\$1 each	100%	100%	Share investment
* First Shanghai Finance Limited	Hong Kong	2 ordinary shares of HK\$1 each	100%	100%	Money lending
* First Information Technology Limited	British Virgin Islands	10 ordinary shares of US\$1 each	100%	—	Investment holding
Shares held indirectly:—					
CVIC International Container Transportation Company Limited	Hong Kong	10,000 ordinary shares of HK\$1 each	100%	100%	Investment holding
* First Shanghai Child Products Limited	British Virgin Islands	10 ordinary shares of US\$1 each	100%	100%	Investment holding

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11 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name	Place of incorporation (see note (b) below)	Particulars of issued share capital/ registered capital	Effective interest held		Principal activities
			1999	1998	
Shares held indirectly:— (Cont'd)					
* Fresh Start Investments Limited	British Virgin Islands	10 ordinary shares of US\$1 each	80%	80%	Share investment
* China Tiger Investments Limited	British Virgin Islands	10 ordinary shares of US\$1 each	100%	100%	Share investment
* First Shanghai Hygienic Products Limited	British Virgin Islands	10 ordinary shares of US\$1 each	100%	100%	Investment holding
* Golad Resources Limited	British Virgin Islands	100 ordinary shares of US\$1 each	100%	100%	Investment holding
* Shanghai Zhong Chuang International Container Storage & Transportation Company Limited	Chinese Mainland	US\$10,457,447	54%	54%	Container transportation and freight forwarding
* Atlas Securities Pty. Limited	Australia	2 ordinary shares of A\$1 each	100%	100%	Share investment
* Public Holdings (Australia) Limited (Listed in Sydney, Australia)	Australia	3,744,750 ordinary shares of A\$0.5 each	74.2%	74.2%	Securities investment
* P.H.A. Investment Pty. Limited	Australia	60,000 ordinary shares of A\$2 each	74.2%	74.2%	Property investment
* P.H.A. Trading Pty. Limited	Australia	2 ordinary shares of A\$0.5 each	74.2%	74.2%	Securities investment

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11 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Name	Place of incorporation (see note (b) below)	Particulars of issued share capital/ registered capital	Effective interest held		Principal activities
			1999	1998	
Shares held indirectly:— (Cont'd)					
China C&Y International Holdings Limited	Cayman Islands	160,000 ordinary shares of US\$1 each	100%	100%	Investment holding
* Illumination International Limited	British Virgin Islands	10 ordinary shares of US\$1 each	100%	—	Investment holding

* Subsidiaries not audited by PricewaterhouseCoopers. The aggregate net assets of subsidiaries not audited by PricewaterhouseCoopers amounted to approximately 9% of the Group's total assets.

Note:—

- (a) The above table includes the subsidiaries of the Company which, in the opinion of the directors, principally affect the results of the year or form 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.
- (b) The subsidiaries operate principally in their places of incorporation.

NOTES TO THE ACCOUNTS

31st December 1999

12 INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Share of net assets other than goodwill	<u>262,294,689</u>	<u>246,407,626</u>	<u>—</u>	<u>—</u>
Investments at cost:				
Shares listed in Hong Kong	<u>217,656,560</u>	<u>210,647,810</u>		
Market value of listed shares	<u>126,293,958</u>	<u>136,616,154</u>		

The following is a list of the associated companies held by the Group at 31st December 1999:

Name	Place of incorporation	Particulars of issued shares held	Effective interests held		Principal activities
			1999	1998	
RBI Holdings Limited ("RBI") (see note (a) below)	Bermuda	334,909,000 ordinary shares of HK\$0.1 each	25.2%	24.8%	Manufacture of toys
China Assets (Holdings) Limited ("China Assets") (see note (a) below)	Hong Kong	74,383,160 ordinary shares of US\$0.1 each	33.8%	27.0%	Investment holding

Note:—

(a) RBI and China Assets are companies listed on The Stock Exchange of Hong Kong Limited.

NOTES TO THE ACCOUNTS

31st December 1999

12 INVESTMENTS IN ASSOCIATED COMPANIES (Cont'd)

(b) Additional information in respect of the Group's major associated companies is given as follows:—

RBI

	1999 HK\$'000	1998 HK\$'000
Profit and loss account		
Turnover	502,942	506,037
Profit before taxation	108,897	78,576
Group's share of profit before taxation	<u>27,006</u>	<u>19,251</u>
Balance sheet		
Long-term assets	216,456	170,351
Current assets	285,067	283,621
Current liabilities	(91,708)	(116,024)
Long-term liabilities	<u>(2,225)</u>	<u>(3,500)</u>
Net assets	<u>407,590</u>	<u>334,448</u>

China Assets

	1999 HK\$'000	1998 HK\$'000
Profit and loss account		
Turnover	2,803	24,398
Loss before taxation	(6,090)	(104,796)
Group's share of loss before taxation	<u>(8,895)</u>	<u>(22,735)</u>
Balance sheet		
Long-term assets	486,489	516,049
Current assets	78,710	65,295
Current liabilities	<u>(1,217)</u>	<u>(906)</u>
Net assets	<u>563,982</u>	<u>580,438</u>

NOTES TO THE ACCOUNTS

31st December 1999

13 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Share of net assets other than goodwill	168,329,713	84,680,849	—	—
Loans to jointly controlled entities	75,429,112	8,919,499	131,750	8,919,499
	243,758,825	93,600,348	131,750	8,919,499

The following is a list of the principal jointly controlled entities held by the Group at 31st December 1999:—

Name	Place of incorporation and operation	Principal activities	Effective interest in ownership/voting power/profit sharing	
			1999	1998
Zhejiang Shaoxing Betung Instrument Company Limited ("Shaoxing Betung") (see note (a) below)	Chinese Mainland	Manufacture of motor vehicle meters and components	40.8%	40.8%
Kunshan Huadong International Cargo Distribution Services Company Limited ("Kushan Huadong") (see note (b) below)	Chinese Mainland	Cargo distribution	50%	50%
Goodbaby Paragon Hygienic Products Company Limited ("Goodbaby Paragon") (see note (c) below)	Chinese Mainland	Production of diapers and related hygienic products	30%	30%
Goodbaby Child Products Company Limited ("Goodbaby") (see note (d) below)	Chinese Mainland	Production of baby and infant items	66.01%	66.01%
CVIC-First Shanghai Properties Limited	British Virgin Islands	Investment holding	58.5%	—
Genius Technology International Limited ("GTI") (see note (e) below)	Hong Kong	Investment holding	41.8%	—

NOTES TO THE ACCOUNTS

31st December 1999

13 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES (Cont'd)

Note:—

- (a) Shaoxing Betung was established as an equity joint venture in Chinese Mainland in December 1993 for a term of 30 years.
- (b) Kunshan Huadong was established as an equity joint venture in Chinese Mainland in November 1997 for a term of 30 years.
- (c) Goodbaby Paragon was established as an equity joint venture in Chinese Mainland in December 1997 for a term of 50 years.
- (d) Goodbaby was established as an equity joint venture in the Chinese Mainland in November 1994 for a term of 30 years. In prior years it has been consolidated as a subsidiary. Pursuant to an agreement signed among the joint venturers during the year, Goodbaby operates under certain restrictions which significantly impair the control by the Group over the operations of Goodbaby. Goodbaby has therefore been regarded as a jointly controlled entity and its results have been equity accounted for from November 1999 onwards (also see note 25(b)).
- (e) GTI entered into an agreement to acquire 90% equity interest in Shenzhen Genius Information Technology Company Limited ("Genius") during the year. Genius was established as an equity joint venture in Chinese Mainland engaging in the provision of financial information services in China.
- (f) Additional information in respect of the Group's major jointly controlled entity is given as follows:—

Goodbaby

	1999 HK\$'000	1998 HK\$'000
Profit and loss account		
Turnover*	550,186	532,698
Profit before taxation*	<u>71,772</u>	<u>47,186</u>
Balance sheet		
Long-term assets	205,971	146,096
Current assets	384,739	320,285
Current liabilities	(327,300)	(305,443)
Long-term liabilities	<u>(51,951)</u>	<u>—</u>
Net assets	<u>211,459</u>	<u>160,938</u>

- * The amount of turnover and profit before taxation which have been included in the consolidated accounts prior to November 1999 amounted to approximately HK\$460,428,563 (1998: HK\$527,492,089) and HK\$59,192,020 (1998: HK\$47,186,340) respectively. From November to December 1999, HK\$12,579,800 has been included in the Group's share of profits less losses from jointly controlled entities.

NOTES TO THE ACCOUNTS

31st December 1999

14 INVESTMENT SECURITIES

		Group		Company	
		1999	1998	1999	1998
		HK\$	HK\$	HK\$	HK\$
Listed shares					
and unit trusts	(a)	15,203,927	34,691,398	39,384	767,136
Unlisted investments	(b)	57,515,318	58,230,158	51,610,457	51,610,457
		<u>72,719,245</u>	<u>92,921,556</u>	<u>51,649,841</u>	<u>52,377,593</u>

(a) Listed shares and unit trusts

		Group		Company	
		1999	1998	1999	1998
		HK\$	HK\$	HK\$	HK\$
Listed shares and unit trusts					
— overseas, at cost		52,404,327	69,018,093	39,384	767,136
Less: provision		(37,200,400)	(34,326,695)	—	—
		<u>15,203,927</u>	<u>34,691,398</u>	<u>39,384</u>	<u>767,136</u>

NOTES TO THE ACCOUNTS

31st December 1999

14 INVESTMENT SECURITIES (Cont'd)

(b) Unlisted investments

	Group		Company	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
— Shares, at cost	82,695,744	82,695,726	193	193
Less: provision	(76,790,690)	(76,075,832)	—	—
	<u>5,905,054</u>	<u>6,619,894</u>	<u>193</u>	<u>193</u>
— Loan	66,097,264	66,097,264	66,097,264	66,097,264
Less: provision	(14,487,000)	(14,487,000)	(14,487,000)	(14,487,000)
	<u>51,610,264</u>	<u>51,610,264</u>	<u>51,610,264</u>	<u>51,610,264</u>
	<u>57,515,318</u>	<u>58,230,158</u>	<u>51,610,457</u>	<u>51,610,457</u>

(c) Market value of listed shares and unit trusts

	Group		Company	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Listed shares and unit trusts				
— overseas	<u>12,761,771</u>	<u>37,860,124</u>	<u>39,384</u>	<u>767,136</u>

15 INVENTORIES

	Group		Company	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Raw materials	1,272,395	30,348,053	—	—
Work in progress	—	4,408,258	—	—
Finished goods	—	30,572,554	—	—
	<u>1,272,395</u>	<u>65,328,865</u>	<u>—</u>	<u>—</u>

NOTES TO THE ACCOUNTS

31st December 1999

16 OTHER INVESTMENTS

	Group		Company	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Listed shares				
— overseas	1,676,289	1,944,278	—	—
— Hong Kong	6,305,070	13,757,133	—	—
Market value of listed investments	<u>7,981,359</u>	<u>15,701,411</u>	<u>—</u>	<u>—</u>

17 SHARE CAPITAL

	Ordinary shares of HK\$0.2 each	
	Number of Shares	HK\$
Authorised:		
At 1st January and 31st December 1999	<u>2,000,000,000</u>	<u>400,000,000</u>
Issued and fully paid:		
At 1st January 1999	1,027,738,205	205,547,641
Exercise of share options	8,208,000	1,641,600
Subscription by an associated company (<i>see note below</i>)	80,000,000	16,000,000
Conversion of warrants	3,200	640
At 31st December 1999	<u>1,115,949,405</u>	<u>223,189,881</u>

Note:

Pursuant to a placing and subscription agreement dated 28th July 1999, China Assets (Holdings) Limited subscribed for 80,000,000 new shares of HK\$0.20 each in the Company at HK\$0.82 per share for a net cash consideration of HK\$64 million.

There were no movements in authorised and issued share capital during the year ended 31st December 1998.

The Company's bonus issue of 205,545,758 warrants issued in December 1997, which was exercisable to subscribe for the Company's ordinary shares at HK\$1.50 per share, expired on 17th December 1999.

NOTES TO THE ACCOUNTS

31st December 1999

17 SHARE CAPITAL (Cont'd)

Pursuant to a share option scheme adopted on 12th May 1994, the board of directors may invite the executive directors of the Company and the employees of the Group to take up options to subscribe for the Company's shares.

Details of the options granted under the scheme outstanding at balance sheet date were as follows:

Number of options	Exercise price HK\$	Expiry date
11,960,780	0.453	9th February 2005
7,338,100	0.342	7th October 2005
14,012,256	0.318	15th July 2006
18,500,000	0.816	12th November 2007
21,444,000	0.283	15th July 2008
<u>73,255,136</u>		

18 RESERVES

	Share premium HK\$	*Capital reserve HK\$	Capital redemption reserve HK\$	Total HK\$
Company				
At 1st January and 31st December 1998	<u>522,878,613</u>	<u>2,103,163</u>	<u>10,171,200</u>	<u>535,152,976</u>
At 1st January 1999	522,878,613	2,103,163	10,171,200	535,152,976
Premium on issue of shares net of expenses	<u>47,857,922</u>	—	—	<u>47,857,922</u>
At 31st December 1999	<u>570,736,535</u>	<u>2,103,163</u>	<u>10,171,200</u>	<u>583,010,898</u>

NOTES TO THE ACCOUNTS

31st December 1999

18 RESERVES (Cont'd)

Group	Share premium HK\$	*Capital reserve HK\$	Capital redemption reserve HK\$	Investment properties revaluation reserve HK\$	Land and buildings revaluation reserve HK\$	Exchange fluctuation reserve HK\$	Total HK\$
At 1st January 1998	522,878,613	6,937,147	10,171,200	3,252,146	49,582,825	(2,408,132)	590,413,799
Negative goodwill on further acquisition of associated companies	—	29,868,353	—	—	—	—	29,868,353
Share of post-acquisition reserves of associated companies	—	7,009,205	—	—	—	—	7,009,205
Deficit on revaluation	—	—	—	(2,287,950)	—	—	(2,287,950)
Exchange differences on translation of the accounts of foreign subsidiaries	—	—	—	—	—	(1,978,507)	(1,978,507)
At 31st December 1998	<u>522,878,613</u>	<u>43,814,705</u>	<u>10,171,200</u>	<u>964,196</u>	<u>49,582,825</u>	<u>(4,386,639)</u>	<u>623,024,900</u>
Company and its subsidiaries	522,878,613	31,674,502	10,171,200	964,196	49,582,825	(4,386,639)	610,884,697
Associated companies	—	12,283,977	—	—	—	—	12,283,977
Jointly controlled entities	—	(143,774)	—	—	—	—	(143,774)
	<u>522,878,613</u>	<u>43,814,705</u>	<u>10,171,200</u>	<u>964,196</u>	<u>49,582,825</u>	<u>(4,386,639)</u>	<u>623,024,900</u>
At 1st January 1999	522,878,613	43,814,705	10,171,200	964,196	49,582,825	(4,386,639)	623,024,900
Premium on issue of shares net of expenses	47,857,922	—	—	—	—	—	47,857,922
Negative goodwill on further acquisition of an associated company	—	6,753,125	—	—	—	—	6,753,125
Goodwill written off on acquisition of a jointly controlled entity	—	(43,200,539)	—	—	—	—	(43,200,539)
Reversal of goodwill, previously written off, on disposal of an investment	—	10,550,518	—	—	—	—	10,550,518
Share of post-acquisition reserves of associated companies and jointly controlled entities	—	633,265	—	—	—	—	633,265
Exchange differences on translation of the accounts of foreign subsidiaries	—	—	—	—	—	1,985,581	1,985,581
At 31st December 1999	<u>570,736,535</u>	<u>18,551,074</u>	<u>10,171,200</u>	<u>964,196</u>	<u>49,582,825</u>	<u>(2,401,058)</u>	<u>647,604,772</u>
Company and its subsidiaries	570,736,535	5,777,606	10,171,200	964,196	49,582,825	(2,401,058)	634,831,304
Associated companies	—	12,984,453	—	—	—	—	12,984,453
Jointly controlled entities	—	(210,985)	—	—	—	—	(210,985)
	<u>570,736,535</u>	<u>18,551,074</u>	<u>10,171,200</u>	<u>964,196</u>	<u>49,582,825</u>	<u>(2,401,058)</u>	<u>647,604,772</u>

* Capital reserve includes goodwill/negative goodwill arising on acquisition of subsidiaries, associated companies and jointly controlled entities by the Group and its associated companies and jointly controlled entities.

NOTES TO THE ACCOUNTS

31st December 1999

19 RETAINED PROFITS

	Group		Company	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Company and its subsidiaries	49,171,044	8,256,969	81,378,264	73,404,963
Associated companies	(21,787,645)	2,436,032	—	—
Jointly controlled entities	37,044,534	(586,493)	—	—
	<u>64,427,933</u>	<u>10,106,508</u>	<u>81,378,264</u>	<u>73,404,963</u>

Distributable reserves of the Company at 31st December 1999, calculated pursuant to section 79B of the Hong Kong Companies Ordinance, amounted to HK\$81,378,264 (1998: HK\$73,404,963).

20 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit/(loss) before taxation to net cash inflow from operating activities

	1999 HK\$	1998 HK\$
Profit/(loss) before taxation	82,872,742	(124,401,280)
Share of net (profit)/loss of associated companies and jointly controlled entities	(29,598,438)	2,412,751
Interest income	(13,102,020)	(17,156,569)
Interest expenses on bank loans and overdrafts	5,360,121	10,342,943
Loss on disposal of fixed assets	352,299	5,095,988
Gain on disposal of associated companies	—	(1,703,779)
Gain on disposal of a subsidiary	(2,120,623)	—
Depreciation	21,623,910	19,751,411
Revaluation deficit on investment properties	—	429,304
Dividend income from listed investments	(883,494)	(1,330,559)
Loss on disposal of investment securities	585,277	2,357,287
Increase in accounts receivable and prepayments	(18,685,531)	(46,417,468)
Provision for deposit paid on purchase of a property	—	22,341,000
Decrease in loans and advances	2,353,182	9,784,652
Provision on loans granted	—	24,762,000
Decrease in other investments	7,720,052	22,128,336
Increase in accounts payable and accruals	55,963,978	16,179,844
Provision for diminution in value of investment securities	3,588,563	76,437,313
Provision for minority interests	—	9,037,738
Decrease in inventories	4,266,954	5,146,359
Net cash inflow from operating activities	<u>120,296,972</u>	<u>35,197,271</u>

NOTES TO THE ACCOUNTS

31st December 1999

20 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

(b) Analysis of changes in financing during the year

	Share capital including premium		Bank loans	
	1999	1998	1999	1998
	HK\$	HK\$	HK\$	HK\$
At 1st January	728,426,254	728,426,254	98,084,884	131,233,946
Reclassification of a subsidiary to jointly controlled entity	—	—	(83,612,148)	—
Cash inflows/(outflows) from financing	65,500,162	—	(7,961,974)	(33,149,062)
At 31st December	<u>793,926,416</u>	<u>728,426,254</u>	<u>6,510,762</u>	<u>98,084,884</u>

(c) Sale of a subsidiary

	1999	1998
	HK\$	HK\$
Net assets disposed of:		
Trade and other receivables	1,701,046	—
Bank balances and cash	4,778,603	—
Trade and other payables	(549,929)	—
	<u>5,929,720</u>	<u>—</u>
Gain on disposal	2,120,623	—
	<u>8,050,343</u>	<u>—</u>
Satisfied by:		
Cash	<u>8,050,343</u>	<u>—</u>

NOTES TO THE ACCOUNTS

31st December 1999

20 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Cont'd)

(d) Reclassification of a subsidiary to jointly controlled entity

	1999 HK\$	1998 HK\$
Net assets reclassified:		
Fixed assets	129,924,634	—
Inventories	59,789,516	—
Trade and other receivables	235,336,476	—
Bank balances and cash	51,676,644	—
Trade and other payables	(228,314,244)	—
Bank loans	(83,612,148)	—
Minority interests	(65,344,822)	—
	<u>99,456,056</u>	<u>—</u>

21 PLEDGE OF ASSETS

Group

Certain properties and trucks of the Group with an aggregate net book value of approximately HK\$103 million as at 31st December 1999 (1998: HK\$109 million) as well as fixed deposits of HK\$13 million (1998: nil) were pledged as security against bank loans and general banking facilities amounting to HK\$55 million (1998: HK\$102 million) granted to the Group. At the balance sheet date, such facilities were utilised to the extent of HK\$3.7 million (1998: HK\$40 million).

A corporate guarantee was given by a minority shareholder of a subsidiary against a bank loan amounting to HK\$2.8 million (1998: HK\$58 million) at the balance sheet date.

22 COMMITMENTS

(a) Capital commitments

	Group		Company	
	1999 HK\$	1998 HK\$	1999 HK\$	1998 HK\$
Contracted but not provided for	—	4,390,022	—	—
Authorised but not contracted for	23,219,054	—	—	—
	<u>23,219,054</u>	<u>4,390,022</u>	<u>—</u>	<u>—</u>

The Group's share of capital commitments of a jointly controlled entity not included in the above is as follows:—

Contracted but not provided for	<u>42,418,858</u>	<u>—</u>	<u>—</u>	<u>—</u>
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NOTES TO THE ACCOUNTS

31st December 1999

22 COMMITMENTS (Cont'd)

(b) Commitments under operating leases

At 31st December 1999, the Group and the Company had commitments to make payments in the next twelve months under operating leases which expire as follows:

	Group		Company	
	1999 Land and Buildings HK\$	1998 Land and buildings HK\$	1999 Land and buildings HK\$	1998 Land and buildings HK\$
Within one year	849,802	907,105	18,765	676,000
In the second to fifth years inclusive	624,000	2,257,502	624,000	909,000
	<u>1,473,802</u>	<u>3,164,607</u>	<u>642,765</u>	<u>1,585,000</u>

23 RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions which were carried out in the normal course of the Group's business:

	Group	
	1999 HK\$	1998 HK\$
Purchases from a jointly controlled entity (see note below)	51,200,375	104,593,931
Sales to a jointly controlled entity (see note below)	19,708,250	40,585,791
Loan granted to a 50% shareholder of a shareholder of the Company	—	21,762,000

Note: The sales and purchases were transacted between a subsidiary of the Group and a jointly controlled entity of that subsidiary. Being one of the suppliers of the jointly controlled entity, the subsidiary sold raw materials to the jointly controlled entity which produced and sold the finished goods back to the subsidiary at cost. That subsidiary was reclassified as a jointly controlled entity during the year.

24 COMPARATIVE FIGURES

Comparatives have been adjusted or extended as a result of the introduction of Hong Kong Statements of Standard Accounting Practice No. 1 and No. 2 issued by the Hong Kong Society of Accountants which became effective during the year.

NOTES TO THE ACCOUNTS

31st December 1999

25 SUBSEQUENT EVENTS

- (a) On 8th February 2000, the Company issued 220,000,000 units of warrants by way of a private placement at a placing price of HK\$0.12 per unit of warrant. The initial subscription price is HK\$0.62 per new share and the subscription rights are effective from 8th February 2000 to 1st August 2001 inclusive.
- (b) (i) Pursuant to an agreement signed among the joint venturers, the Group agreed to grant a 6% equity interest it held in Goodbaby Child Products Company Limited ("Goodbaby") to certain senior members of the management of Goodbaby in January 2000 in lieu of management bonus to be paid in cash in the future. The estimated loss on disposal of the 6% interest is approximately HK\$12 million.
- (ii) The Group also entered into a preliminary agreement with the joint venturers of Goodbaby and two investors namely, The China Retail Fund, LDC (a direct investment fund advised by AIG Investment Corporation) and SB China Holdings Pte. Ltd (a subsidiary of Softbank Corporation), in March 2000 under which Goodbaby agreed to increase its registered capital by an amount of approximately RMB166 million and the two investors agreed to take up the increased capital by investing a total amount of approximately HK\$155 million (US\$20 million) in Goodbaby. The legal documentation work is expected to be completed in June 2000.

26 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 25th April, 2000.