



安 權 控 股 有 限 公 司

FORTEI HOLDINGS LIMITED

於百慕達註冊成立之有限公司  
(Incorporated in Bermuda with limited liability)

一九九八年年度年報

ANNUAL REPORT 1998

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

<b>Executive Directors</b>	CHEUNG Chi Chung ( <i>Chairman</i> ) CHEUNG Kam Wong WONG Fan Tai WANG Annie Chang Roe KONG Yun Kan KWONG Yun Sing, Jarvis
<b>Non-Executive Directors</b>	YAM Kam Kwong, Allen (resigned on 25th May 1999) CHEUNG Mei Ha, Jennifer
<b>Company Secretary</b>	CHEUNG Mei Ha, Jennifer
<b>Registered Office</b>	Clarendon House Church Street Hamilton HM11 Bermuda
<b>Registered Office in Hong Kong</b>	9th Floor, Fortei Building 98 Texaco Road Tsuen Wan, N.T. Hong Kong
<b>Principal Bankers</b>	The Hongkong and Shanghai Banking Corporation Limited Bank of China Kincheng Banking Corporation
<b>Solicitors</b>	Jennifer Cheung & Co.
<b>Auditors</b>	PricewaterhouseCoopers
<b>Principal Registrars</b>	Butterfield Corporate Services Limited Rosebank Centre, 14 Bermudiana Road Pembroke Bermuda
<b>Hong Kong Branch Registrars and Transfer Office</b>	Central Registration of Hong Kong Limited 17th Floor, Hopewell Centre 183 Queen's Road East Hong Kong

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## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of Fortei Holdings Limited (the "Company") will be held at Golden Island Bird's Nest Chiu Chau (Star House) Restaurant at 2nd Floor, East Wing, Star House, 3 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong on 25th June, 1999 at 3:00 p.m. for the following purposes: –

1. To receive and consider the audited financial statements and the reports of the directors and auditors for the year ended 31st December, 1998.
2. To elect directors and to authorise the board of directors to fix their remuneration.
3. To appoint auditors and to authorise the board of directors to fix their remuneration.
4. As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions: –

A. "THAT: –

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to

be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or the exercise of the subscription rights under the share option scheme of the Company, shall not exceed 20 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

- (d) for the purposes of this resolution: –

"Relevant Period" means the period from the passing of this resolution until whichever is the earlier of:-

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

"Rights issue" means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements

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## NOTICE OF ANNUAL GENERAL MEETING (*Cont'd*)

as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong.)”

B. “**THAT:** –

(a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;

(b) the aggregate nominal amount of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent of the aggregate nominal amount of the share capital of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and

(c) for the purposes of this resolution: -

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of: –

(i) the conclusion of the next annual general meeting of the Company;

(ii) the expiration of the period within which the next annual general meeting of the Company is required by the Bye-laws of the Company or any applicable law to be held; and

(iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

C. “**THAT** conditional upon resolution no. 4B above being passed, the aggregate nominal amount of the number of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors of the Company as mentioned in resolution no. 4B above shall be added to the aggregate nominal amount of share capital that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 4A above.”

By Order of the Board  
**Jennifer Cheung Mei Ha**  
*Company Secretary*

Hong Kong, 26th May, 1999

*Principal Office:*  
9th Floor, Fortei Building  
98 Texaco Road  
Tsuen Wan  
New Territories  
Hong Kong

*Notes: –*

(1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company.

(2) In order to be valid, the form of proxy must be deposited at the Company's principal office in Hong Kong together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.

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## CHAIRMAN'S STATEMENT

I am pleased to present to the shareholders the annual report of Fortei Holdings Limited (the "Company") for the year ended 31st December, 1998.

### GROUP RESULTS

The audited consolidated turnover of the Company and its subsidiaries (the "Group") for the year ended 31st December, 1998 amount to HK\$138,271,000 (1997: HK\$145,669,000), and the loss attributable to shareholders amounted to HK\$63,590,000 (1997: HK\$59,779,000).

### REVIEW AND OUTLOOK

For the year ended 31st December, 1998, the Group's turnover, generated mainly from design, distribution and retailing of sports shoes, sports wear and leisure wear under FORTEI brandname in the People's Republic of China ("the PRC") and Hong Kong, and trading of general merchandise dropped by approximately 5.1% to HK\$138,271,000 (1997: HK\$145,669,000), resulting in a loss attributable to shareholders of HK\$63,590,000 (1997: loss of HK\$59,779,000).

In 1998, very substantial fall in consumer demand was experienced by the Group and other retailers both in Hong Kong and the PRC. To counteract, the Group reduced its overhead and discontinued the operation of a number of loss making outlets. The corporate and operational restructuring of the Group accelerated after the change in control and management following the acquisition of a majority interest in the Company by Tasmanian Treasure Limited in May 1998.

The Group currently distributes its sports shoes, sports wear and leisure wear under FORTEI brandname to retail points in Beijing, Dongguan, Guangzhou, Shantou, Shenzhen and Hong Kong, and is in negotiation with a number of potential distributors in order to expand the sales network in the PRC.

The Group intends to realign its operational strategy with a view to further reducing its fixed cost base and containing its exposure to investment risks. To this end, the Group is reviewing the performance of individual outlets and may terminate the operation of the loss making ones as their lease contracts expire. The Group is placing more emphasis in developing its sales network through distributorship arrangements. The Group will also continue its policy of tight credit control.

### APPRECIATION

The board of directors is thankful to the support of shareholders and the efforts of all employees of the Group.

By order of the Board  
**Cheung Chi Chung**  
*Chairman*

Hong Kong, 26th May 1999

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## REPORT OF THE DIRECTORS

The directors present their report together with the audited accounts for the year ended 31st December 1998.

### Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in note 11 to the accounts. An analysis of the Group's turnover and contribution to operating loss for the year is as follows:

	Turnover <i>HK\$ '000</i>	(Loss)/profit contributed to operating loss for the year <i>HK\$ '000</i>
Design, marketing, distribution and retailing	107,919	(57,943)
Trading of silk yarn and other merchandise	30,352	1,801
	<u>138,271</u>	<u>(56,142)</u>

Design, marketing, distribution and retailing of sports and leather shoes, and sports and leisure wear are very much inter-related and form an integral part of the Group's overall marketing strategy to promote the FORTEI brandname and sales products under this brandname. The directors consider any apportionment of the operating results between, or presentation of segment information on these activities would not be objective or meaningful.

All of the Group's products under the FORTEI brandname are sold to customers in the People Republic of China (the "PRC"), including Hong Kong and Macau. Due to proximity and close trading relationship of these areas, it is not possible to ascertain which are sold to end buyers in each of these areas, except for sales conducted in the Group's retail shops in Hong Kong amounting to HK\$33,271,000. It is the belief of the directors that the balance of the Group's sale for the year is principally made to ultimate customers in the other areas of the PRC.

All of the silk yarn and other merchandise were sold to customers in Hong Kong.

### Results and appropriations

The results for the year are set out in the consolidated profit and loss account on page 14.

The directors do not recommend the payment of a dividend.

### Reserves

Movements in the reserves of the Group and the Company during the year are set out in note 15 to the accounts.

### Fixed assets

Details of the movements in fixed assets are set out in note 10 to the accounts.

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## REPORT OF THE DIRECTORS (*Cont'd*)

### Share capital

Details of the movements in share capital of the Company are set out in note 14 to the accounts.

### Five year financial summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 31.

### Purchase, sale or redemption of shares

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

### Directors

The directors during the year were:

#### Executive directors:

Mr Cheung Chi Chung	(appointed on 8th June 1998)
Mr Cheung Kam Wong	(appointed on 8th June 1998)
Mr Wong Fan Tai	(appointed on 8th June 1998)
Ms Wang Annie Chang Roe	(appointed on 8th June 1998)
Mr Kong Yun Kan	
Mr Kwong Yun Sing, Jarvis	
Mr Kwong Yun Nin	(resigned on 15th June 1998)
Mr Tam Kung Lit	(resigned on 15th June 1998)

#### Independent non-executive directors:

Mr Yam Kam Kwong, Allen	(appointed on 8th June 1998 and resigned on 25th May 1999)
Ms Cheung Mei Ha, Jennifer	(appointed on 8th June 1998)
Mr Chan Cheung Ho	(resigned on 15th June 1998)
Mr Liu Wing Ting, Stephen	(resigned on 15th June 1998)

Mr Kwong Yun Sing, Jarvis, the director retiring by rotation in accordance with Bye-law 87(1) of the Company's Bye-laws, and Messrs Cheung Chi Chung, Cheung Kam Wong, Wong Fan Tai, Wang Annie Chang Roe, Yam Kam Kwong, Allen and Cheung Mei Ha, Jennifer, the directors retiring in accordance with Bye-law 87(2) of the Company's Bye-laws, being eligible, have offered themselves for re-election.

### Directors' service contracts

None of the directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.



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## REPORT OF THE DIRECTORS (*Cont'd*)

### Biographical details of directors

Brief biographical details of directors are set out below.

#### Executive directors:

**Mr Cheung Chi Chung**, aged 35, is the Chairman of the Company. He is also the Deputy Chairman of United Power Investment Limited and has extensive experience in the restaurant business. He has been a directors of Kong Yak Investment Limited since 1992. Kong Yak Investment Limited is a private conglomerate company incorporated in Hong Kong in 1992 and is engaged in restaurant operations, property development and other trading activities in the PRC.

**Mr Cheung Kam Wong**, aged 34, has extensive experience in diversified business including manufacturing, trading and property investments in Beijing, Shanghai, Xiamen and other major cities in the PRC, Hong Kong and Macau. The operations of the manufacturing and trading business currently has extended to South Korea and the United States of America respectively. Mr Cheung is the Chairman of United Power Investment Limited.

**Mr Wong Fan Tai**, aged 44, is the president of Talent Jewellery Factory Limited, a private company wholly-owned by Mr Wong. He has over 16 years experience in the manufacturing and trading of jewellery, the major markets of which are Japan, Korea and Hong Kong.

**Ms Wang Annie Chang Roe**, aged 47, is the chairman of Windsor Associate Limited, a private company wholly-owned by Ms Wang, and principally engaged in OEM manufacturing and import and export of garments of jackets and jeans entirely to the USA. She is the Permanent Honourary Chairman of the Chinese General Chamber of Commerce, Hong Kong, Permanent Honourary Chairman of the Hong Kong and Kowloon Kaifong Women's Association and a member of The Hong Kong General Chamber of Commerce.

**Mr Kong Yun Kan**, aged 52, is a co-founder of the Group with responsibility for the overall corporate strategy and planning of the Group.

**Mr Kwong Yun Sing**, Jarvis, aged 45, is in charge of the personnel and administrative function of the Group. He is also a brother of Mr Kong Yun Kan and joined the Group in 1986.

#### Independent non-executive directors:

**Mr Yam Kam Kwong**, Allen, aged 47, has been practising as a solicitor in Hong Kong since 1983 and is a partner of Yam & Company, a firm of solicitors in Hong Kong. He resigned on 25th May 1999.

**Ms Cheung Mei Ha, Jennifer**, aged 43, is a solicitor practising in Hong Kong and is the sole proprietor of Jennifer Cheung & Co..

### Directors' interests in contracts

No contracts of significance in relation to the Company's business to which the Company, its subsidiaries or its holding company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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## REPORT OF THE DIRECTORS (*Cont'd*)

### Directors' interests in equity or debt securities

At 31st December 1998 the interests of the directors and chief executive in the shares, warrants and options of the Company and its associated corporation, as recorded in the register maintained by the Company under section 29 of the Securities (Disclosure of Interests) Ordinance or as notified to the Company were as follows:

Name	Number of shares in the Company beneficially held			
	Personal interest	Corporate interest	Family interest	Other interest
Mr Cheung Chi Chung	–	–	–	(note 1)
Mr Cheung Kam Wong	–	204,000,000 (note 1)	–	–
Mr Wong Fan Tai	–	204,000,000 (note 1)	–	–
Ms Wang Annie Chang Roe	–	–	–	(note 1)
Mr Kong Yun Kan	6,285,700	–	–	82,226,600 (note 2)

*Notes:*

- 204,000,000 shares were held by Tasmanian Treasure Limited, which is owned as to 45% by Marlborough Gold Limited, 45% by Paynes Park Limited and 10% by Normandy Gold Limited. Marlborough Gold Limited is a wholly-owned subsidiary of United Power Investment Limited, the securities of which are listed on The Stock Exchange of Hong Kong Limited ("the Stock Exchange"). The holding company of United Power Investment Limited is United Power International Limited, a company in which Mr Cheung Kam Wong and Mr Cheung Chi Chung had 43.2% and 6% interests respectively as at 31st December, 1998. Paynes Park Limited is wholly-owned by Mr Wong Fan Tai. Normandy Gold Limited is wholly-owned by Ms Wang Annie Chang Roe.
- 65,428,600 of these shares were owned by Hoi Fat Investments (B.V.I.) Limited, which is owned as to approximately 43.02% by Cowin Enterprises Limited and 44.08% by family members of Mr Kong Yun Kan. 16,798,000 shares were owned by Cowin Enterprises Limited directly. Cowin Enterprises Limited is a company operated by a trustee for the benefit of a trust, the beneficiaries of which are Mr Kong Yun Kan and his immediate family members.

Save as disclosed above and the holding of certain nominees shares in trustee for the Group, none of the directors and chief executives of the Company or their associates had any interest in the share capital of the Company or any of its associated corporations as defined in the SDI Ordinance as at 31st December 1988.

### Substantial shareholders

At 31st December 1998 the register of substantial shareholders maintained under section 16(1) of the Securities (Disclosure of Interests) Ordinance showed that the Company had not been notified of any substantial shareholders' interests, being 10% or more of the Company's issued share capital, other than those of Tasmanian Treasure Limited, Hoi Fat Investments (B.V.I.) Limited and the directors and chief executive as disclosed above.

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## REPORT OF THE DIRECTORS (*Cont'd*)

### **Convertible securities, options, warrants or similar rights**

The Company had no outstanding convertible securities, options, warrants or other similar rights at 31st December 1998 and there was no exercise of any convertible securities, options, warrants or similar right during the year.

### **Borrowings**

As at 31st December 1998, the Group had bank overdraft amounting HK\$27,000 and bank borrowings amounting HK\$10,945,000 repayable within a period not exceeding one year.

### **Interest capitalised**

No interest was capitalised by the Group during the year.

### **Distributable reserves**

As at 31st December 1998, the distributable reserves of the Company available for distributable amounting to HK\$49,656,000.

### **Subsidiaries**

Details of the Group's principal subsidiaries as at 31st December 1998 are set out in note 11 to the accounts.

### **Retirement schemes**

Details of the Group's retirement schemes are set out in note 8 to the accounts.

### **Pre-emptive rights**

There are no provisions for pre-emptive rights under the Company's Bye-laws although there are no restrictions against such rights under the laws in Bermuda.

### **Management contracts**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

### **Major customers and suppliers**

During the year, the Group sold less than 30% of its goods and services to its 5 largest customers.

The percentages of purchases for the year attributable to the Group's major suppliers are as follows: –

#### Purchases

- |                                   |     |
|-----------------------------------|-----|
| – the largest supplier            | 28% |
| – five largest suppliers combined | 92% |

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in any of the major suppliers noted above.

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## REPORT OF THE DIRECTORS (*Cont'd*)

### Compliance with the Code of Best Practice of the Listing Rules

None of the directors of the Company is aware of any information which would reasonably indicate that the Company is not, or was not in compliance with the Code of Best Practice, as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange, at any time during the year ended 31st December 1998, save that the non-executive directors were not appointed for a specific term but are subject to retirement by rotation in annual general meetings of the Company in accordance with the Bye-laws of the Company.

### Year 2000 Compliance

The Year 2000 issue appears because many computer programmes and hardwares might not function effectively in year 2000. Systems which use only two digits to identify the year may fail to differentiate between 1900 and 2000.

In order to ensure the Year 2000 problem does not affect our operation, the Group has set up a project team to undertake a programme to ensure all systems in use by the Group are Year 2000 compliant. As at 31st December 1998, the reviews, replacements, improvements and testings on the Group's systems were completed. All software and hardware with potential problem had been upgraded or replaced during the year 1998. The cost involved was approximately HK\$300,000.

### Auditors

In the last annual general meeting, Deloitte Touche Tohmatsu retired as auditors of the Company and Coopers & Lybrand were appointed to hold office until the next annual general meeting. Saved as aforesaid, there were no changes in auditors of the Company in any of the preceding three years.

In October 1998, Coopers & Lybrand merged their practice with Price Waterhouse and now practise in the name of PricewaterhouseCoopers. They have signed the auditors' report in their new name. A resolution to re-appoint the retiring auditors, PricewaterhouseCoopers, will be put at the annual general meeting.

On behalf of the Board

**Cheung Chi Chung**  
*Chairman*

Hong Kong, 26th May 1999

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## AUDITORS' REPORT



羅兵咸永道會計師事務所

PricewaterhouseCoopers  
23rd Floor Sunning Plaza  
10 Hysan Avenue  
Hong Kong

### TO THE SHAREHOLDERS OF FORTEI HOLDINGS LIMITED

*(incorporated in Bermuda with limited liability)*

We have audited the accounts set out on pages 14 to 30 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

#### Respective responsibilities of directors and auditors

The Company's directors are responsible to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

#### Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. However, the evidence available to us was limited because:

- (i) as detailed in note 13 to the accounts, current assets of the Company and the Group include a short term unsecured loan to a third party company and interest receivable therefrom totalling HK\$29,831,000. We have not been provided with sufficient information to satisfy ourselves as to the validity of this transaction and that the amount can be recovered in full.
- (ii) we have not been able to satisfy ourselves whether trade receivables of HK\$23,652,000 included in the trade and other receivables shown on the consolidated balance sheet at 31st December 1998 can be recovered in full.

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## AUDITORS' REPORT (*Cont'd*)

Any adjustments to the carrying values of the short term loan and trade receivables referred to above may have a consequential effect on the loss for the year and net assets at 31st December 1998.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

### **Qualified opinion arising from limitation of audit scope**

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the matters referred to above, in our opinion, the accounts give a true and fair view, in all material respects, of the state of affairs of the Company and the Group as at 31st December 1998 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect of the limitations of our work referred to above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 26th May 1999

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## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1998

	Note	1998 HK\$'000	1997 HK\$'000
Turnover	2	<u>138,271</u>	<u>145,669</u>
Operating loss			
Operating loss excluding exceptional items	3	(56,142)	(27,950)
Exceptional items	4	—	(31,590)
Loss before taxation		<u>(56,142)</u>	<u>(59,540)</u>
Taxation	5(b)	<u>7,448</u>	<u>339</u>
Loss after taxation		<u>(63,590)</u>	<u>(59,879)</u>
Loss attributable to minority interests		—	(100)
Loss attributable to shareholders	6 & 15	<u>(63,590)</u>	<u>(59,779)</u>
Dividend		—	<u>4,000</u>
Loss per share	7	<u>(15.9) cents</u>	<u>(14.9) cents</u>

# CONSOLIDATED BALANCE SHEET

AS AT 31ST DECEMBER 1998

	<i>Note</i>	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
Fixed assets	10	<u>18,506</u>	<u>22,426</u>
Current assets			
Inventories	12	28,771	98,820
Trade and other receivables		38,852	47,769
Short term loan	13	29,831	–
Taxation recoverable	5(d)	1,668	1,054
Bank balances and cash		11,759	22,673
		<u>110,881</u>	<u>170,316</u>
Current liabilities			
Trade and other payables		4,511	22,006
Trust receipts and import loans – secured	10(d)	10,945	1,446
Due to ultimate holding company		560	–
Taxation payable	5(c)	8,041	112
Bank overdraft – secured	10(d)	27	–
		<u>24,084</u>	<u>23,564</u>
Net current assets		<u>86,797</u>	<u>146,752</u>
		<u>105,303</u>	<u>169,178</u>
Financed by:			
Share capital	14	40,000	40,000
Reserves	15	65,303	128,893
Shareholders' funds		105,303	168,893
Deferred taxation	16	–	285
		<u>105,303</u>	<u>169,178</u>

On behalf of the Board

Cheung Chi Chung  
*Director*

Cheung Kam Wong  
*Director*



## BALANCE SHEET

AS AT 31ST DECEMBER 1998

	Note	1998 HK\$'000	1997 HK\$'000
Investments in subsidiaries	11	<u>132,844</u>	<u>165,507</u>
Current assets			
Short term loan	13	29,831	–
Account and other receivables		30	–
Tax recoverable		18	14
Bank balances and cash		95	3
		<u>29,974</u>	<u>17</u>
Current liabilities			
Other payables		521	131
Due to ultimate holding company		510	–
		<u>1,031</u>	<u>131</u>
Net current assets/(liabilities)		<u>28,943</u>	<u>(114)</u>
		<u>161,787</u>	<u>165,393</u>
Financed by:			
Share capital	14	40,000	40,000
Reserves	15	121,787	125,393
		<u>161,787</u>	<u>165,393</u>

On behalf of the Board

Cheung Chi Chung  
Director

Cheung Kam Wong  
Director

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1998

	<i>Note</i>	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
Net cash inflow/(outflow) from operating activities	17	<u>8,930</u>	<u>(11,578)</u>
Returns on investments and servicing of finance			.
Interest received		971	884
Interest paid		(1,552)	(58)
Dividend paid		-	(12,000)
		<u>          </u>	<u>          </u>
Net cash outflow from returns on investments and servicing of finance		<u>(581)</u>	<u>(11,174)</u>
Taxation			
Net Hong Kong profits tax paid		<u>(418)</u>	<u>(559)</u>
Investing activities			
Purchase of fixed assets		(501)	(4,452)
Sale of fixed assets		130	26,615
Short term unsecured loan to a third party company		(28,000)	-
		<u>          </u>	<u>          </u>
Net cash (outflow)/inflow from investing activities		<u>(28,371)</u>	<u>22,163</u>
Decrease in cash and cash equivalents		(20,440)	(1,148)
Cash and cash equivalents at 1st January		<u>21,227</u>	<u>22,375</u>
Cash and cash equivalents at 31st December		<u>787</u>	<u>21,227</u>
Analysis of balances of cash and cash equivalents:			
Bank balances and cash		11,759	22,673
Bank overdraft		(27)	-
Trust receipts and import loans		(10,945)	(1,446)
		<u>787</u>	<u>21,227</u>

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# NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

## 1. Principal accounting policies

The accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and with accounting standards issued by the Hong Kong Society of Accountants.

### (a) Basis of 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, as appropriate.

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

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.

### (b) 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 licence agreements is recognised when the underlying licenced products are sold.

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

### (c) Property, plant and equipment

Leasehold properties are interests in land and buildings and are stated at valuation less accumulated depreciation.

Effective from 31st December 1993 no further revaluation of the Group's leasehold properties have been carried out. The Group places reliance on paragraph 72 of SSAP 17 which provides exemption from the need to make regular revaluations for such assets. Upon the disposal of a property, the relevant portion of the realised revaluation reserve in respect of previous valuations is transferred from the revaluation reserve to retained earnings.

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## NOTES TO THE ACCOUNTS (*Cont'd*)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 1. Principal accounting policies (*Cont'd*)

#### (c) Property, plant and equipment (*Cont'd*)

Other tangible fixed assets are stated at cost less accumulated depreciation.

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

Buildings	5%
Motor vehicles	20%
Furniture and fixtures	15-50%

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.

The carrying amount of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. When such a decline has occurred, their carrying amount is reduced to its recoverable amounts. Recoverable amount is the amount which the Group expects to recover from the future use of the assets, including its residual value on disposal. The amount of the reduction to recoverable amount is charged to the profit and loss account.

The gain or loss on disposal of a fixed asset 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.

#### (d) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight line basis over the lease term.

#### (e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average method. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

#### (f) Accounts receivable

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

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## NOTES TO THE ACCOUNTS (*Cont'd*)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 1. Principal accounting policies (*Cont'd*)

#### (g) 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.

#### (h) Translation of foreign currencies

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

#### (i) Retirement benefit costs

The Group's contributions to the defined contribution retirement scheme 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 scheme are held separately from those of the Group in an independently administered fund.

### 2. Revenue and turnover

	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
Sale of goods – turnover	138,271	145,669
Interest income	2,802	884
Licence fee income	5,234	15,625
	<hr/>	<hr/>
Total revenue	<u>146,307</u>	<u>162,178</u>

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## NOTES TO THE ACCOUNTS (*Cont'd*)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 3. Operating loss excluding exceptional items

Operating loss excluding items exceptional is stated after crediting and charging the following:

	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
<b>Crediting</b>		
Net reversal of write-down of inventories	780	–
Written back of forfeited contributions after net off retirement benefit charges (note 8)	<u>76</u>	<u>–</u>
<b>Charging</b>		
Cost of inventories sold	112,567	92,660
Depreciation	2,386	3,252
Loss on disposal of fixed assets	1,905	141
Interest on bank borrowing wholly repayable within five years	1,552	58
Operating leases rental for land and buildings	27,742	19,163
Retirement benefit costs (note 8)	–	439
Auditors' remuneration		
Current year	800	625
Underprovision in previous year	126	–
Provision for doubtful debts	<u>1,140</u>	<u>–</u>

### 4. Exceptional items

The exceptional items comprise:

	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
Gain on disposal of a leasehold property in Hong Kong	–	5,461
Provision made to write down stocks to net realisable value	–	(26,696)
Provision for doubtful debts	–	(10,355)
	<u>–</u>	<u>(31,590)</u>

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## NOTES TO THE ACCOUNTS (*Cont'd*)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 5. Taxation

- (a) Hong Kong profits tax has been provided at the rate of 16% (1997: 16.5%) on the estimated assessable profits for the year.
- (b) The amount of taxation charged to the consolidated profit and loss account represents:

	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
Hong Kong profits tax	351	339
Underprovision in previous years	7,382	–
Deferred taxation (note 16)	(285)	–
	<u>7,448</u>	<u>339</u>

- (c) Taxation payable in the balance sheet represents provision for Hong Kong profits tax charge for the current year and underprovision in previous years.
- (d) Taxation recoverable represents the amount of provisional tax paid.

### 6. Loss attributable to shareholders

The loss attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$3,606,000 (1997: HK\$30,487,000).

### 7. Loss per share

The calculation of loss per share are based on the Group's loss attributable to shareholders of HK\$63,590,000 (1997: HK\$59,779,000) and the 400,000,000 share in issue throughout the year.

### 8. Retirement benefit costs

The Group contributes to a defined contribution retirement scheme which is available to all permanent employees. Contributions to the scheme by the Group and the employees are calculated as a percentage of the employees' basic salaries.

The retirement benefit scheme cost charged to the profit and loss account represents contributions payable by the Group to the fund.

The Group's contributions are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. All forfeited contributions totalling HK\$340,000 were utilised during the year and there was no outstanding forfeited contributions available at the year end to reduce future contributions. There were no material unutilised forfeited contribution at balance sheet date.

Contributions totalling HK\$396,000 (1997: HK\$331,000) were payable to the fund at the year-end and are included in accounts payable. The assets of the scheme are held separately from those of the Group in all independently administered fund.

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## NOTES TO THE ACCOUNTS (*Cont'd*)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 9. Directors' and senior management's emoluments

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

	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
Fees	137	324
Basic salaries, housing allowances, other allowances and benefits in kind	2,765	3,814
Retirement schemes contributions	123	154
Compensation for loss of office	-	-
	<u>3,025</u>	<u>4,292</u>

Directors' fees include HK\$137,000 (1997: HK\$324,000) paid to independent non-executive directors.

The emoluments of the directors fell within the following bands:

Emolument bands	Number of directors	
	1998	1997
HK\$nil – HK\$1,000,000	11	4
HK\$1,000,001 – HK\$1,500,000	-	1
HK\$1,500,001 – HK\$2,000,000	<u>1</u>	<u>1</u>

None of the directors waived any emoluments in respect of the year ended 31st December 1998 and 1997.

(b) The five individuals whose emoluments were the highest in the Group for the year include three directors (1997: four) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (1997: one) individuals during the year are as follows: –

	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
Basic salaries, housing allowances, other allowances and benefits in kind	1,063	798
Bonus	355	177
Retirement schemes contributions	33	23
Compensation for loss of office	-	-
	<u>1,451</u>	<u>998</u>



## NOTES TO THE ACCOUNTS (*Cont'd*)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 9. Directors' and senior management's emoluments (*Cont'd*)

(b) The emoluments fell within the following bands:

Emolument bands	Number of individuals	
	1998	1997
HK\$nil – HK\$1,000,000	2	1
HK\$1,000,001 – HK\$1,500,000	–	–
HK\$1,500,001 – HK\$2,000,000	–	–

### 10. Fixed assets – Group

	Leasehold properties		Furniture	Motor	Total
	in	outside	and	vehicles	
	Hong Kong	Hong Kong	fixture		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation					
At 1st January 1998	15,166	808	15,924	1,643	33,541
Additions	–	–	456	45	501
Disposals	–	–	(5,417)	(464)	(5,881)
At 31st December 1998	<u>15,166</u>	<u>808</u>	<u>10,963</u>	<u>1,224</u>	<u>28,161</u>
Accumulated depreciation					
At 1st January 1998	2,156	52	7,758	1,149	11,115
Charge for the year	526	27	1,752	81	2,386
Disposals	–	–	(3,580)	(266)	(3,846)
At 31st December 1998	<u>2,682</u>	<u>79</u>	<u>5,930</u>	<u>964</u>	<u>9,655</u>
Net book value					
At 31st December 1998	<u>12,484</u>	<u>729</u>	<u>5,033</u>	<u>260</u>	<u>18,506</u>
At 31st December 1997	<u>13,010</u>	<u>756</u>	<u>8,166</u>	<u>494</u>	<u>22,426</u>

The analysis of the cost or valuation of the above assets at 31st December 1998 is as follows:

At cost	8,366	808	10,963	1,224	21,361
At 1993 valuation	6,800	–	–	–	6,800
	<u>15,166</u>	<u>808</u>	<u>10,963</u>	<u>1,224</u>	<u>28,161</u>

## NOTES TO THE ACCOUNTS (*Cont'd*)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 10. Fixed assets – Group (*Cont'd*)

- (a) The leasehold properties are located in Hong Kong and the People's Republic of China under medium leases. The remaining terms of the leases and land use rights are between twenty and fifty years.
- (b) Leasehold properties in Hong Kong were revalued at 31st December 1993 on the basis of their open market value by Vigers Hong Kong Limited, an independent firm of professional property valuer.
- (c) The carrying amount of other properties would have been HK\$11,232,000 (1997: HK\$11,705,000) had they been stated at cost less accumulated depreciation.
- (d) At 31st December 1998, the net book value of fixed assets pledged as security for the Group's general banking facilities amounted to HK\$12,484,000 (1997: HK\$13,010,000).

### 11. Investments in subsidiaries

	Company	
	1998 HK\$'000	1997 HK\$'000
Unlisted shares, at cost	85,218	85,218
Amount due from subsidiaries	77,626	110,289
	<hr/>	<hr/>
	162,844	195,507
Less: provision for diminution in value	(30,000)	(30,000)
	<hr/>	<hr/>
	132,844	165,507
	<hr/>	<hr/>

The amount due from to subsidiaries are interest free and have no fixed terms of repayment.

The following is a list of the principal subsidiaries at 31st December 1998:

Name of company	Place of incorporation	Issued and fully paid share capital	Attributable equity interest of the Group	Principal activity
Anluck Limited	Hong Kong	Ordinary HK\$100	60%	Garment trading
Everluck Company Limited	Hong Kong	Ordinary HK\$100	100%	Trading of silk yarn and general merchandise
Fortei (B.V.I.) Limited*	British Virgin Islands	Ordinary HK\$100	100%	Investment holding

## NOTES TO THE ACCOUNTS (*Cont'd*)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 11. Investments in subsidiaries (*Cont'd*)

Name of company	Place of incorporation	Issued and fully paid share capital	Attributable equity interest of the Group	Principal activity
Fortei Far East Limited	Hong Kong	Ordinary HK\$2	100%	Retail of sports and leisure wear
Fortei International Limited	Hong Kong	Ordinary HK\$2	100%	Investment holding
Fortei Licensing Limited	British Virgin Islands	Ordinary US\$0.01	100%	Holding of trademarks and licensing
Fortei Limited	Hong Kong	Ordinary HK\$10,000	100%	Property holding
Golden Calvalier Corporation Limited	British Virgin Islands	Ordinary US\$1	100%	Investment holding
Onpower Company Limited	Hong Kong	Ordinary HK\$10 Non-voting deferred HK\$5,000,000	100%	Marketing and distribution of sports and leather shoes and wear

\* Directly held by the Company

None of the subsidiaries had any loan capital subsisting at 31st December 1998 or at any time during the year.

The non-voting deferred shares practically carry no rights to dividends or to participate in any distribution in winding up. They carry no rights to receive notice of or to attend or vote at any general meeting.

### 12. Inventories

	1998 HK\$'000	Group 1997 HK\$'000
Finished goods	28,771	91,651
Raw materials	–	7,169
	<u>28,771</u>	<u>98,820</u>

As at 31st December 1998 and 1997, all inventories are stated at net realisable value.

## NOTES TO THE ACCOUNTS (Cont'd)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 13. Short term unsecured loan to a third party company

The short term loan granted by the Company to a third party company of HK\$28,000,000 is unsecured and interest bearing at 15% per annum. Interest receivable derived therefrom amounted HK\$1,831,000 for the year ended 31st December, 1998. These loan and interest were scheduled to be repaid on 30th December 1998. The due date for repayment have passed and no repayments have been received by the Company.

### 14. Share capital

	Company	
	1998 HK\$'000	1997 HK\$'000
Authorised		
Ordinary shares of HK\$0.10 each	<u>60,000</u>	<u>60,000</u>
Issued and fully paid		
Ordinary shares of HK\$0.10 each	<u>40,000</u>	<u>40,000</u>

Under the Company's share option scheme, the directors may at their discretion grant options to executive directors and full time employees of the Company and its subsidiaries to subscribe for shares in the Company. The subscription price of the option shares is set at a price equal to the higher of the nominal value of the Company's shares and 80% of the average of the closing prices of the shares of the Company on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of offer of the option. Options granted are exercisable within three years from the date of grant.

There was no option outstanding at any time during the year. The Company has not issued any shares under the share option scheme to date.

### 15. Reserves

	Group				Total HK\$'000
	Share premium HK\$'000	Properties revaluation reserve HK\$'000	Capital reserve HK\$'000	Retained earnings/ (accumulated losses) HK\$'000	
At 1st January 1998	72,131	2,307	17,314	37,141	128,893
Loss for the year	—	—	—	(63,590)	(63,590)
At 31st December 1998	<u>72,131</u>	<u>2,307</u>	<u>17,314</u>	<u>(26,449)</u>	<u>65,303</u>

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## NOTES TO THE ACCOUNTS (*Cont'd*)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 15. Reserves (*Cont'd*)

	Share Premium <i>HK\$'000</i>	Company Contribution surplus <i>HK\$'000</i>	Company Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st January 1998	72,131	84,918	(31,656)	125,393
Loss for the year	—	—	(3,606)	(3,606)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December 1998	<u>72,131</u>	<u>84,918</u>	<u>(35,262)</u>	<u>121,787</u>

The capital reserve of the Group represents the difference between the nominal value of share capital issued by the Company and the nominal value of the share capital and share premium accounts of those companies forming the Group pursuant to a group reorganisation in 1993.

The contribution surplus of the Company represents the differences between the underlying net tangible assets of the subsidiaries acquired by the Company and the nominal value of the shares issued by the Company at the time of the group reorganisation referred to above. Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus is available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

At 31st December 1998, the reserves of the company available for distribution amounted to approximately HK\$49,656,000 (1997: HK\$53,262,000).

## NOTES TO THE ACCOUNTS (*Cont'd*)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 16. Deferred taxation

	1998 <i>HK\$'000</i>	Group 1997 <i>HK\$'000</i>
At 1st January	285	285
Transfer to profit and loss account (note 5)	(285)	-
At 31st December	<u>-</u>	<u>285</u>
Provided for in respect of:		
Accelerated depreciation allowances	<u>-</u>	<u>285</u>
The potential deferred taxation assets/(liabilities) not provided for in the accounts amounting to:		
Accelerated depreciation allowances	(41)	-
Taxation loss	10,462	11,443
Other timing differences	-	(2,850)
	<u>10,421</u>	<u>8,593</u>

The revaluation of leasehold properties does not constitute a timing difference for deferred taxation purposes as realisation of the revaluation surplus would not result in a taxation liability.

### 17. Notes to the consolidated cash flow statement

Reconciliation of operation loss excluding exceptional items to net cash inflow/(outflow) from operating activities

	1998 <i>HK\$'000</i>	1997 <i>HK\$'000</i>
Operating loss excluding exceptional items	(56,142)	(27,950)
Depreciation charge	2,386	3,252
Loss on disposal of fixed assets	1,905	141
Decrease/(increase) in inventories	70,049	(23,190)
Decrease in trade and other receivables	8,917	33,567
(Decrease)/increase in trade and other payables, including due to ultimate holding company	(16,935)	3,428
Interest income	(2,802)	(884)
Interest expenses	1,552	58
Net cash inflow/(outflow) from operating activities	<u>8,930</u>	<u>(11,578)</u>

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## NOTES TO THE ACCOUNTS (*Cont'd*)

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 18. Contingent liabilities

	1998	Company 1997
	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees for banking facilities utilised by subsidiaries	<u>10,945</u>	<u>1,446</u>

### 19. Commitments under operating leases

At 31st December 1998 the Group had commitments to make payments in the next twelve months under operating leases in respect of land and buildings which expire as follows:

	1998	1997
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	6,787	3,540
In the second to fifth year inclusive	-	17,818
After the fifth year	-	469
	<u>6,787</u>	<u>21,827</u>

### 20. Ultimate holding company

The directors regard, Tasmanian Treasure Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company of the Company.

### 21. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

### 22. Approval of accounts

The accounts were approved by the board of directors on 26th May 1999.

## FINANCIAL SUMMARY

### Results

	For the year ended 31st December				1998 HK\$'000
	1994 HK\$'000	1995 HK\$'000	1996 HK\$'000	1997 HK\$'000	
Turnover	<u>229,042</u>	<u>285,660</u>	<u>286,058</u>	<u>145,669</u>	<u>138,271</u>
Operating profit/(loss)					
Operating profit/(loss)					
excluding exceptional items	23,824	3,179	21,539	(27,950)	(56,142)
Exceptional items	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,590)</u>	<u>-</u>
	23,824	3,179	21,539	(59,540)	(56,142)
Share of profit of an associated company	<u>88</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss)					
before taxation	23,912	3,179	21,539	(59,540)	(56,142)
Taxation charge/(credit)	<u>1,867</u>	<u>(3,818)</u>	<u>569</u>	<u>339</u>	<u>7,448</u>
Profit/(loss) after taxatin	22,045	6,997	20,970	(59,879)	(63,590)
Loss attributable to minority interests	<u>-</u>	<u>-</u>	<u>(133)</u>	<u>(100)</u>	<u>-</u>
Profit/(loss) attributable to shareholders	<u>22,045</u>	<u>6,997</u>	<u>21,103</u>	<u>(59,779)</u>	<u>(63,590)</u>

### Asset and liabilities

	As at 31st December				1998 HK\$'000
	1994 HK\$'000	1995 HK\$'000	1996 HK\$'000	1997 HK\$'000	
Total assets	251,581	271,074	263,374	192,742	129,387
Total liabilities including minority interests	<u>(27,500)</u>	<u>(47,496)</u>	<u>(30,693)</u>	<u>(23,849)</u>	<u>(24,084)</u>
Shareholders' funds	<u>224,081</u>	<u>223,578</u>	<u>232,681</u>	<u>168,893</u>	<u>105,303</u>



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