



HENG FUNG HOLDINGS COMPANY LIMITED

恒鋒集團有限公司

(Incorporated in Hong Kong with limited liability)

(於香港註冊成立之有限公司)

ANNUAL REPORT 1999 年報



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chan Heng Fai (Chairman and Managing Director)
Chan Yoke Keow
Chan Sook Jin, Mary-ann
Fong Kwok Jen
Ha Kee Choy
Kam Kwong Chan
Trapp Robert Herman
Lee Ka Leung, Daniel
Wong Dor Luk, Peter

COMPANY SECRETARY

Chan Suk King, Zoe

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

SOLICITORS

Herbert Smith

PRINCIPAL BANKERS

Hang Seng Bank Limited

SHARE REGISTRARS

Friendly Registrars Limited
5th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

REGISTERED OFFICE & PRINCIPAL OFFICE

10th Floor, Bank of Communications Tower
231-235 Gloucester Road
Wanchai, Hong Kong

公司資料

董事會

陳恒輝 (主席兼董事總經理)
陳玉嬌
陳淑貞
鄭國楨
夏其才
甘光親
Trapp Robert Herman
李家樑
王多禧

公司秘書

陳淑琮

核數師

德勤·關黃陳方會計師行
執業會計師

律師

史密夫律師行

主要往來銀行

恒生銀行有限公司

股份過戶登記處

準誠證券登記有限公司
香港中環
干諾道中111號
永安中心5字樓

註冊及主要辦事處

香港灣仔
告士打道231-235號
交通銀行大廈10樓

CHAIRMAN'S STATEMENT

On behalf of the Board, I present to you the annual report of the Group for the year ended March 31, 1999.

REVIEW OF OPERATIONS AND PROSPECTS

Financial highlights

During the year under review, the Group continued to be affected by the Asian economic crisis and resulted in a consolidated turnover of approximately HK\$40.3 million, representing a decrease of 76.6% in comparison with the previous corresponding year. The reduction in turnover is mainly due to a decrease in the trading of securities and other investments. Despite the contraction in turnover, the Group achieved an operating profit of approximately HK\$0.5 million for the year ended March 31, 1999, as compared with the loss of approximately HK\$155.4 million for the corresponding period in 1998. After taking into account the Group's share of associated companies' losses of approximately HK\$29.8 million, the Group's consolidated loss for the year before minority interests under review was approximately HK\$33.6 million. Basic loss per ordinary share of HK\$0.25 in the Company for the year ended March 31, 1999 was HK\$0.0275 (1998: HK\$0.1758). For details, please refer to the audited financial statements of the Group contained in the annual report.

Total assets of the Group decreased by 12.5% to approximately HK\$380.4 million while net current assets decreased by 29.1% to approximately HK\$150 million. Shareholders funds decreased by 10.1% to approximately HK\$356.7 million.

Review of operations

During the year under review, the principal business of the Group include investment holding, property investment and development, financial and securities investment.

Property Operations

During this year, the Group continued to adopt a prudent approach to property investment in Hong Kong in the light of the climate of the Hong Kong property market. Of the property portfolio, 24% are investment properties and the others are properties held for own use or development. Occupancy rate for investment properties was over 90% at the year end date.

Fashion Retailing

Fronteer International Holdings Limited ("Fronteer"), an associated company, following the application of loans amounting to HK\$75 million due from Fronteer for the settlement of the acquisitions of 50,000,000 ordinary shares at a price of HK\$0.13 each and together with the entire preference share capital, which amounted to HK\$68.5 million,

主席報告

本人謹代表董事會提呈本集團截至一九九九年三月三十一日止年度之年報。

業績回顧及展望

財務摘要

本集團於回顧年度內持續受到亞洲金融風暴之影響，故僅錄得綜合營業額約40,300,000港元，較去年同期下跌76.6%。營業額下降乃主要由於證券及其他投資買賣減少所致。儘管營業額收縮，本集團於截至一九九九年三月三十一日止年度仍取得經營溢利約500,000港元，於一九九八年同期之經營虧損則約為155,400,000港元。計入本集團應佔聯營公司虧損約29,800,000港元後，本集團於回顧年度之未計少數股東權益前綜合虧損約為33,600,000港元。於截至一九九九年三月三十一日止年度，本公司每股面值0.25港元普通股之每股基本虧損為0.0275港元（一九九八年：0.1758港元），有關詳情請參閱本集團年報所載之經審核財務報表。

本集團之總資產減少12.5%至約380,400,000港元，而流動資產淨值則減少29.1%至約150,000,000港元。股東資金減少10.1%至約356,700,000港元。

業務回顧

本集團於回顧年度之主要業務包括投資控股、物業投資及發展、金融及證券投資。

物業業務

鑑於香港物業市道不景，本集團於本年度對物業投資仍然採取謹慎態度。物業組合中，24%為投資物業，其他則為持作自用或發展用途物業。於年結日，投資物業之租用率超過90%。

時裝零售

繼動用聯營公司恒進國際集團有限公司（「恒進」）結欠本集團之75,000,000港元貸款按每股0.13港元之價格支付收購恒進普通股50,000,000股連同所有優先股股本

of Fronteer, it became a 55.86% owned subsidiary of the Group as at March 31, 1999.

Fronteer, a public company with its securities listed in Hong Kong, is principally engaged in the retailing of fashion apparel and accessories, property investment and financial and securities investments.

During the year under review, the average consumer spending decreased significantly overall, particularly so at times when deflation and real interest rates remain high. The tourism industry that Hong Kong had relied on so much in the past, contracted sharply, with our pegged currency making us a relatively expensive travel destination. Given such an operating environment, the Group's fashion retail operations did not perform well during the financial year.

Fronteer is exploring innovative marketing through the use of "E-commerce" which will enable enhancement of Fronteer's profile in the international market. www.instantstyle.com is Fronteer's first "Virtual store" and will enable Fronteer to enlarge its customer base.

Strategic Investments

Despite the increasing difficult environment, the Group, under a prudent and stringent investment and development policy, has continued to expand its business through acquisition of significant interest in listed companies with high potential in the United States during the year under review.

As at March 31, 1999, the following companies in which the Group has significant interests are as follows:

eVision USA.Com, Inc. ("eVision") (previously known as Fronteer Financial Holdings Limited)

During the year, the Group increased its investments in eVision of approximately HK\$7.7 million. eVision is a public company with its securities listed in NASDAQ, an Internet-based ".Com" holding company specialising in financial services, media, communications, and Internet technologies. Consolidated entities of eVision include:

American Fronteer Financial Corporation

American Fronteer Financial Corporation ("AFFC") has more than 25 years of history in the United States. AFFC provides a wide range of investment banking services, including retail securities brokerage and investment services, fixed income and equity securities, corporate and public finance and securities underwriting, professional asset management and insurance products.

(達 68,500,000 港元) 後，恒進已於一九九九年三月三十一日成為本集團擁有 55.86% 股權之附屬公司。

恒進乃一家公眾公司，主要從事之業務為時裝及配飾零售、物業投資以及金融及證券投資，其證券於香港上市。

於回顧年度內，平均消費開支整體大幅下跌，下跌之情況於通貨緊縮及實質利率高企時尤為嚴重。香港以往倚重之旅遊業明顯萎縮，聯繫匯率更令香港成為消費偏高之旅遊地點。在此經營環境下，本集團於本財政年度之時裝零售業務表現稍欠理想。

恒進現正透過「電子商業」發掘創新之市場推廣方式。電子商業可提升恒進在國際市場之地位。www.instantstyle.com 乃恒進首家「虛擬商店」，有助恒進擴大客戶基礎。

策略性投資

儘管經營環境日益困難，惟憑藉審慎嚴謹之投資及發展政策，本集團於回顧年度內透過購入美國潛力優厚上市公司之大部分權益，繼續擴展業務。

於一九九九年三月三十一日，本集團擁有下列公司大部分權益：

eVision USA.Com, Inc. (「eVision」)
(前稱 Fronteer Financial Holdings Limited)

年內，本集團在 eVision 之投資增加約 7,700,000 港元。eVision 乃一家公眾公司，其證券於 NASDAQ 上市。eVision 亦為一家互聯網「.Com」控股公司，專營金融服務、傳媒、通訊及互聯網科技。eVision 之綜合實體包括：

American Fronteer Financial Corporation

American Fronteer Financial Corporation (「AFFC」) 在美國成立逾 25 年，提供各式各樣投資銀行服務，包括零售證券經紀及投資服務、定息股本證券、公司與公眾財務及證券包銷、專業資產管理及保險產品等。

eBanker USA.Com, Inc.

eBanker USA.Com, Inc. ("eBanker"), operates as an Internet-based lending company. It aims to tap the unserved market segments on a global scale. Currently, eBanker has raised HK\$118.6 million (US\$15.3 million) through private placement in the United States.

eBroker USA.Com, Inc.

eBroker USA.Com, Inc. was established in March 1999 and targeted to operate its on-line stock brokerage activity. It is intended to pursue a strategy aimed at addressing the needs of under-served corporate, institutional and individual clientele, both public and private, in overseas countries including the development of online stock brokerage services primarily to the Asian markets.

Q6 Technologies, Inc.

Q6 Technologies, Inc. ("Q6") is a joint venture of eVision and a group of Internet specialists, whose purposes are to develop opportunities in transactions processing, networking, and Internet-based virtual processing arenas. Q6 will initially focus on value-added transactions processing for selected e-commerce applications as well as the development of commercial opportunities in digital Geographic Information Services (GIS) and in satellite Internet protocol multicasting.

Global Med Technologies, Inc.

Global Med Technologies, Inc. designs, develops, markets and support information management software products for blood banks, hospitals, centralized transfusion centers and other healthcare related facilities.

Prospects

The Hong Kong SAR government is vigorously pushing the use of IT in Hong Kong. It has also announced that it is strongly supporting the development of a "Cyberport" and a "Science Park" in Hong Kong. These initiatives are creating tremendous business opportunities and generating a boom in Hong Kong's IT industry. The Group, through, eVision has actively participated in projects for telecom companies, Internet service providers and e-commerce companies, henceforth has full confidence in capturing these arising business opportunities in these Net-related projects.

In view of the Group's strong partnership, solid financial standing and proactive business strategy, the Group is optimistic with regard to its performance in the future.

eBanker USA.Com, Inc.

eBanker USA.Com, Inc. (「eBanker」) 以互聯網借貸公司方式經營，務求開發世界各地尚未發展之市場。現時，eBanker 已透過在美國進行私人配售籌集 118,600,000 港元 (15,300,000 美元)。

eBroker USA.Com, Inc.

eBroker USA.Com, Inc. 於一九九九年三月成立，旨在經營網上股票經紀業務。現計劃推行一套策略，務求照顧海外國家中不論公眾或私人公司、機構及個人客戶尚未滿足之需要，包括主要在亞洲市場開展網上股票經紀服務。

Q6 Technologies, Inc.

Q6 Technologies, Inc. (「Q6」) 乃 eVision 與一組互聯網專家共同經營之合營企業，專注發展交易處理、網絡工程及網上虛擬處理場地等各式商業契機。Q6 初期將集中經營特定電子商業應用之增值交易處理，以及發掘數碼地理資訊服務及衛星互聯網視多點播送兩方面之商機。

Global Med Technologies, Inc.

Global Med Technologies, Inc. 專門設計、開發、市場推廣及支援血庫、醫院、中央輸血中心及其他醫療設施之資訊管理軟件產品。

前景

香港特區政府在本港大力推動資訊科技應用，並宣布全力支持在本港發展「數碼港」及「科技園」。該等措施為本港締造無數商機，促進資訊科技業之急速發展。本集團透過 eVision 積極參與各電訊公司、互聯網服務供應商及電子商業公司之發展項目，因此本集團極有信心能抓緊互聯網相關項目湧現之商業契機。

鑑於本集團與夥伴關係緊密，加上財政狀況雄厚及業務策略積極進取，本集團對未來之業務表現非常樂觀。

Year 2000 compliance

The Year 2000 problem is the result of computer programs being written using two digits rather than four to define the applicable year. Any computer programs that have time-sensitive software may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a major system failure or miscalculations.

The Group has completed assessments on both computer hardware and software to ensure Year 2000 compliance. The date of completion is extended to the end of September 1999 so as to upgrade the individually operated computer hardware.

The total estimated costs of the plan for Year 2000 compliance will be less than HK\$500,000 and the amount incurred up to March 31, 1999 was around HK\$200,000. The cost would be recorded either as assets and amortized or as operating expenses according to the Group's underlying accounting policies. It is expected that the modification cost do not have material effect on its financial position or results of operations.

The Group believes the Year 2000 issue has no significant impact on the Group's business operation.

Appreciation

I would like to take this opportunity to extend my appreciation to all members of the management and staff for their hard work, loyalty and dedication, and to my fellow directors for their contribution in coping well with the difficult environment in the year. I would like to express my gratitude for the valuable support and confidence of our investors.

On behalf of the Board
CHAN HENG FAI
 Chairman & Managing Director

Hong Kong, August 27, 1999

符合公元二千年規格

公元二千年問題乃由於電腦程式確定適用年份時讀取兩位數字而非四位數字所致。具備計時功能軟件之所有電腦程式均有可能將利用「00」儲存之二零零零年日期錯認為一九零零年日期。因而造成嚴重系統故障或日期計算錯誤。

本集團已完成電腦軟硬件之評估工作，以確保所有軟硬件均符合公元二千年規格。整個計劃之完成日期現延至一九九九年九月底，以便提升獨立運作之電腦硬件。

符合公元二千年規格計劃預計之總費用將少於500,000港元。而截至一九九九年三月三十一日已產生之費用則約為200,000港元。該筆費用將按照本集團基本會計政策列作資產並予以攤銷，或列作經營費用。預期改良費用對本集團之財政狀況或經營業績並無重大影響。

本集團相信，公元二千年問題不會對本集團之業務運作造成重大影響。

鳴謝

本人藉此機會感謝全體管理層人員及員工年內盡心盡力為本集團忠誠服務，亦感謝各董事年內為應付時艱所作之貢獻。本人亦謹此向各投資者之珍貴支持及信心致謝。

承董事會命
 主席兼董事總經理
陳恆輝

香港，一九九九年八月二十七日

Brief biographical information of the directors and senior management of the Group are as follows:

DIRECTORS

Mr. Chan Heng Fai, aged 55, is the Chairman and Managing Director of the Company. He has been a director since September, 1992 and was appointed as Chairman and Managing Director in June, 1995. Mr. Chan is responsible for overall business development of the Group. His experience and expertise are in the finance and banking sectors. He is the spouse of Madam Chan Yoke Keow.

Madam Chan Yoke Keow, aged 51, has been a director of the Company since January, 1992. She is responsible for the general administration and financial planning of the Group. She has over 11 years experience in financial management and administrative. She is the spouse of Mr. Chan Heng Fai.

Ms. Chan Sook Jin, Mary-ann, aged 28, the daughter of Mr. Chan Heng Fai and Ms. Chan Yoke Keow. She was a relationship manager with one of the leading bank in Hong Kong prior joining the Company as executive director in September, 1997. Ms. Chan is responsible for the retail operations and the development of Internet Marketing of the Group.

Mr. Fong Kwok Jen, aged 50, is a solicitor practicing in Singapore. Mr. Fong is a partner of a solicitors' firm in Singapore.

Mr. Trapp Robert Herman, aged 44, holds senior positions in the finance industry in U.S.A. Mr. Trapp is now Director of several companies listed in NASDAQ.

Mr. Kam Kwong Chan, aged 66, is the Chairman of a Canadian Securities firm for over 10 years. The firm is a member of the Toronto Stock Exchange and Vancouver Stock Exchange. He has over 20 years' experience in the finance and securities industry.

Mr. Ha Kee Choy, aged 42, is a fellow of the Chartered Association of Certified Accountants, a fellow of the Taxation Institute of Hong Kong and an associate of the Hong Kong Society of Accountants. Mr. Ha holds directorship in several public companies listed in Hong Kong.

Mr. Wong Dor Luk, Peter, aged 56, has over 30 years' experience in the fashion industry including distribution, sourcing, overseeing manufacturing and exporting to international clients in France, the United Kingdom, Germany and the US.

Mr. Lee Ka Leung, Daniel, aged 41, is a certified public accountant and was admitted to practise in Hong Kong. He is a fellow of the Chartered Association of Certified Accountants, a fellow of the Hong Kong Society of Accountants and a member of the Taxation Institute of Hong Kong. Mr. Lee is the managing partner of K.L. Lee & Partners C.P.A. Ltd. in Hong Kong.

SENIOR MANAGEMENT

Mr. Lau Man Tak, aged 30, is the financial controller of the Group. He was graduated from the Hong Kong Polytechnic University with a Bachelor Degree in Accountancy. He is an associate member of the Chartered Association of Certified Accountants and Hong Kong Society of Accountants. Mr. Lau worked with an international accounting firm before joining the Group in 1995.

本集團董事及高級管理階層履歷概述如下：

董事

陳恆輝先生現年五十五歲，現為本公司主席兼董事總經理。陳先生自一九九二年九月起加入本公司成為董事，並於一九九五年六月獲委任為主席兼董事總經理。彼負責制定本集團之整體發展政策，於銀行及公司財務業務擁有廣泛經驗。彼乃陳玉嬌女士之配偶。

陳玉嬌女士現年五十一歲，自一九九二年一月起為本公司董事。陳女士負責本集團之日常行政及財務計劃。彼擁有十一年以上之財務管理及行政經驗。彼乃陳恆輝先生之配偶。

陳淑貞小姐現年二十八歲，乃陳恆輝先生及陳玉嬌女士之千金。陳小姐在一九九七年九月加入本公司成為執行董事前，為香港一主要銀行之公關經理。陳小姐負責本集團零售業務以及互聯網市場推廣發展。

鄧國楨先生現年五十歲，新加坡執業律師，現為新加坡一律師事務所之合夥人。

Trapp Robert Herman先生現年四十四歲，在美國金融界歷任要職。Trapp Robert Herman先生現為若干於美國全國證券經紀協會自動報價系統上市之公司董事。

甘光觀先生現年六十六歲，於加拿大一證券公司出任主席逾十年。該公司乃多倫多證券交易所及溫哥華證券交易所之會員。甘先生於財務及證券業務方面擁有逾二十年經驗。

夏其才先生現年四十二歲，乃英國公認會計師公會資深會員、香港稅務學會資深會員及香港會計師公會會員。夏先生於多家香港上市之公營公司擔任董事。

王多祿先生現年五十六歲，在時裝界擁有逾三十年經驗，包括分銷、採購、掌管製造業務，以及出口往法國、英國、德國及美國國際知名客戶。

李家樑先生現年四十一歲，乃香港執業會計師。李先生為英國公認會計師公會及香港會計師公會資深會員，並為香港稅務學會會員。彼現為香港李家樑合夥會計師事務所有限公司之首席合夥人。

高級管理階層

劉文德先生現年三十歲，為本集團財務總監。劉先生畢業於香港理工大學，持有學士學位，主修會計。彼為英國公認會計師公會及香港會計師公會會員。於一九九五年加入本集團前，劉先生於一間國際會計事務所工作。

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the members of Heng Fung Holdings Company Limited (the "Company") will be held at the Coral Room 1, 3rd Floor, Furama Hotel Hong Kong, 1 Connaught Road Central, Hong Kong on Wednesday, September 29, 1999 at 9:00 a.m. for the following purposes:-

ORDINARY BUSINESS

- To receive and consider the audited consolidated financial statements of the Company and the reports of the directors and the auditors for the year ended March 31, 1999.
- To re-elect retiring directors and to authorize the board of directors to fix the directors' remuneration.
- To re-appoint Deloitte Touche Tohmatsu as auditors of the Company and to authorize the board of directors to fix their remuneration.

SPECIAL BUSINESS

- As special business, to consider and, if thought fit, pass the following resolutions as ordinary resolutions:-

(A) "THAT:

- subject to paragraph (iii) of this resolution and pursuant to Section 57B of the Companies Ordinance, the exercise by the directors of the Company ("Directors") during the Relevant Period (as hereinafter defined) 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 (including warrants, bonds, debentures or securities convertible into shares of the Company) which would or might require the exercise of such powers, be and is hereby generally and unconditionally approved;
- the approval in paragraph (i) of this resolution above shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, debenture or securities convertible into shares of the Company) which would or might require the exercise of such powers after the end of the Relevant Period;
- 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 pursuant to the approval in paragraph (i) of this resolution, otherwise than pursuant to (a) a Rights Issue (as hereinafter defined); or (b) an issue of shares of the Company upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are

茲通告恒鋒集團有限公司(「本公司」)謹訂於一九九九年九月二十九日星期三上午九時正假座香港干諾道中一號富麗華酒店三樓環璣廳1號廳舉行股東週年大會,以處理下列事項:-

普通事項

- 省覽本公司截至一九九九年三月三十一日止年度之經審核綜合財務報表、董事會與核數師報告書。
- 重選退任董事及授權董事會釐定董事酬金。
- 重新委聘德勤·關黃陳方會計師行為本公司之核數師及授權董事會釐定其酬金。

特別事項

- 作為特別事項,考慮及酌情通過下列決議案為普通決議案:-

(A) 「動議:

- 在本決議案第(iii)分段規限下及根據公司條例第57B條,一般及無條件批准本公司董事會(「董事會」)於有關期間(定義見下文)內行使本公司所有權力,配發、發行及處理本公司股本中之額外股份,並作出或授予將須或須行使該等權力之建議、協議及認股權(包括可兌換為本公司股份之認股權證、債券、公司債券或證券);
- 本決議案第(i)分段之批准須授權董事會於有關期間內作出或授予將須或須於有關期間結束後行使上述權力之建議、協議及認股權(包括可兌換為本公司股份之認股權證、債券、公司債券或證券);
- 董事會根據本決議案第(i)分段之批准而配發或有條件或無條件同意配發之股本面值總額(無論為根據認股權或其他原因而配發者),不得超過本公司於本決議案獲通過當日已發行股本面值總額百分之二十,上述批准亦須

convertible into shares of the Company; or (c) an issue of shares of the Company under any option scheme or similar arrangement for the time being adopted for the grant or issue to employees of the Company and/or any of its subsidiaries of shares of the Company, or rights to acquire shares of the Company; or (d) an issue of shares of the Company as scrip dividends pursuant to the articles of association of the Company from time to time, 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 the passing of this resolution, and the said approval shall be limited accordingly; and

(iv) for the purpose of this resolution:-

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

- the conclusion of the next annual general meeting of the Company;
- the expiration of the period within which the next annual general meeting of the Company is required by the laws of Hong Kong to be held; and
- the date on which the authority given under this resolution being revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.

"Right Issue" means an offer of shares open for a period fixed by the Directors to holders of shares of the Company whose names appear on the register on a fixed record date in proportion to their then holdings of such shares as at that date (subject to such exclusions or other arrangements as the Directors 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 recognized regulatory body or any stock exchange in, any territory applicable to the Company).

(B) "THAT:

- subject to paragraph (ii) of this resolution, the exercise by the directors of the Company (the "Directors") during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase shares in the capital of the Company on The Stock Exchange of Hong Kong Limited (the "Stock

受此數額限制,惟根據(a)配售新股(定義見下文)或(b)根據本公司任何認股權證之條款行使認購權或根據本公司任何可兌換為股份之證券之條款行使換股權而發行本公司股份;或(c)根據任何購股權計劃或暫時採納之類似安排(向本公司及/或其任何附屬公司之僱員授出可購買本公司股份之權利或向彼等發行本公司股份)而發行本公司股份;或(d)按照本公司之公司組織章程細則進行以股代息配發本公司股份則除外;及

(iv) 就本決議案而言:-

「有關期間」指本決議案獲通過當日起至下列三者中較早之日期止之期間:-

- 本公司下屆股東週年大會結束時;
- 香港法例規定本公司下屆股東週年大會須舉行之期限屆滿;及
- 本決議案所作出之授權經由本公司股東於股東大會通過普通決議案而撤銷或修訂之日。

「配售新股」指於董事會指定之期限內,向於指定紀錄日期名列股東名冊之股份持有人按彼等當日之持股比例提呈發售股份之建議(惟董事會可就零碎股權或在考慮本公司適用之任何地區法例或任何認可監管機關或任何證券交易所之規定所產生之限制或責任後而酌情作出彼等認為必要或權宜取消此等權利之決定或其他安排)。

(B) 「動議:

- 在本決議案第(ii)分段之規限下,一般及無條件批准本公司董事會(「董事會」)於有關期間(定義見下文)內按照所有適用法例及香港聯合

Exchange”) or on any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange, for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or any other recognized stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;

- (ii) the aggregate nominal amount of shares in the capital of the Company which may be purchased by the Director of the Company pursuant to the approval in paragraph (i) of this resolution 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 the passing of this resolution, and the said approval shall be limited accordingly; and

- (iii) for the purpose of this resolution:-

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

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the laws of Hong Kong to be held; and
- (c) the date on which the authority given under this resolution being revoked or varied by an ordinary resolution of the shareholders of the Company in general meeting.”

- (C) “THAT, conditional on the passing of ordinary resolutions numbered 4(A) and 4(B) set out in the notice (“the Notice”) convening this meeting of which this resolution forms part, the general mandate granted to the directors of the Company (“Directors”) to allot shares in the capital of the Company pursuant to ordinary resolution numbered 4(A) set out in the Notice be and is hereby extended by the addition to the aggregate nominal amount of share capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of shares in the capital of the Company which are purchased by the Company under the authority granted to the Directors pursuant to ordinary resolution 4(B) set out in the Notice, provided that such amount 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 the passing of this resolution.”

交易所有限公司（「聯交所」）證券上市規則或任何其他認可證券交易所不時修訂之規定，行使本公司所有權力，於聯交所或本公司股份可能上市並就此而言已獲香港期貨及證券事務監察委員會及聯交所認可之任何其他證券交易所購買本公司股本中之股份；

- (ii) 本公司董事會根據本決議案第(i)分段之批准授權可購買之本公司股本中股份面值總額不得超過於本決議案獲通過當日本公司已發行股本面值總額百分之十，而上述批准亦須受此數額限制；及

- (iii) 就本決議案而言：-

「有關期間」指本決議案獲通過當日起至下列三者中較早之日期止之期間：-

- (a) 本公司下屆股東週年大會結束時；
- (b) 香港法例規定本公司下屆股東週年大會須舉行之期限屆滿；及
- (c) 本決議案所作出之授權經由本公司股東於股東大會通過本公司普通決議案而撤銷或修訂之日。」

- (C) 「動議待召開股東週年大會通告（「本通告」），本決議案乃其一部分）第4(A)及4(B)段所述普通決議案獲通過後，藉加上本公司董事會（「董事會」）根據一般授權可能配發或有條件或無條件同意配發本公司股本面值總額，延展董事會根據本通告第4(A)段所述之普通決議案獲授以配發、發行本公司股本中股份之一般授權，所增加之數額為本公司根據本通告第4(B)段所述之普通決議案獲授之授權而購買之本公司股本中股份面值總額，惟有關數額不得超過於本決議案獲通過當日本公司之已發行股本面值總額百分之十。」；

5. As special business, to consider and, if thought fit, pass the following resolution as a special resolution:

“THAT, article 57 of the Company’s New Articles of Association be amended as follows:-

- (i) by deleting the word “three” in the sixth line thereof and substituting therefor the word “five”; and
- (ii) by deleting the words “two Members so entitled, if that Member of those two Members together hold not less than fifteen per cent. of the paid up Share Capital of the Company,” in the seventh to tenth lines thereof and substituting therefor the words “Members representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the Meeting; or be a Member or Members holding shares in the Company conferring a right to vote at the Meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right,”

By order of the Board
Chan Suk King, Zoe
Company Secretary

Hong Kong, August 27, 1999

Notes:

1. A member entitled to attend and vote at the above Meeting may appoint one proxy (or, in the case of a Member who is the holder of two or more shares in the Company, appoint not more than two proxies) to attend and, on a poll, vote on his behalf. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the registered office of the Company in any event not less than 48 hours before the time appointed for holding the Meeting or any adjourned meeting. Completion and return of a form of proxy will not preclude you from attending and voting in person if you are subsequently able to be present.
3. In connection with Resolution No. 4(B) above, the attention of shareholders in drawn to the Explanatory Statement to be sent shareholders of the Company containing a summary of the more important provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in relation to the purchase of shares in the Stock Exchange.

5. 作為特別事項，考慮及酌情通過下列決議案為普通決議案：-

「動議本公司之新公司組織章程細則第57條須作出下列修訂：-

- (i) 刪除該條第六行之「三」字，代之以「五」字；及
- (ii) 刪除該條第七至第十行之「該兩位享有權利股東，倘該兩位股東之股東合共持有本公司繳足股本不少於百分之十五」一句，代之以「佔全部有權於大會上投票之股東投票權總額不少於十分之一之股東；或持有附有權利可於大會上投票之股份之一名或以上股東，即股份繳足總額相等於不少於全部賦予該項權利之股份繳足總額十分之一」。

承董事會命
公司秘書
陳淑瑛

香港，一九九九年八月二十七日

附註：

1. 有權出席上述大會及於會上投票之股東可委任一名（如股東持有兩股或以上本公司股份之人士，則可委任不超過兩名代表）代表其出席及於表決時投票。受委任代表毋須為本公司股東。
2. 代表委任表格連同經簽署之授權書或其他授權文件（如有）或經公證人簽署證明之授權書或授權文件副本，無論如何最遲須於大會或任何續會指定舉行時間48小時前交回本公司之註冊辦事處，方為有效。填妥及交回代表委任表格後，閣下其後仍可親身出席大會，並於會上投票。
3. 就上文第4(B)項決議案而言，股東須注意請寄發予本公司股東之說明函件，該說明函件載有香港聯合交易所有限公司（「聯交所」）之證券上市規則較重要條文之概要，載述有關在聯交所購買股份之事宜。

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended March 31, 1999.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company and provides corporate management services. The principal activities of its subsidiaries are investment holding, property investment and development, financial and securities investment.

During the year, the Group increased its investments in Fronteer International Holdings Limited ("Fronteer HK") and Fronteer Financial Holdings, Limited ("Fronteer USA"), by approximately HK\$1.3 million and HK\$7.7 million respectively. Fronteer USA is an associated company of the Group. Further, Fronteer HK, an associated company, following the application of loans amounting to HK\$75 million due from Fronteer HK for the settlement of the acquisitions of 50,000,000 ordinary shares at a price of HK\$0.13 each together with the entire preference share capital, which amounted to HK\$68.5 million, of Fronteer HK, became a 55.86% owned subsidiary of the Group as at March 31, 1999.

During the year, the Group also disposed of its entire interests in a subsidiary and certain associated companies and resulted in a net gain on disposal of approximately HK\$6.8 million.

SEGMENTAL INFORMATION

The Group's turnover and contribution to loss from ordinary activities before taxation for the year ended March 31, 1999, analysed by principal activity and by geographical market, are as follows:

	Turnover HK\$'000	未計 特殊項目之 日常業務虧損		除稅前 日常業務虧損	
		營業額 HK\$'000	特殊項目 HK\$'000	特殊項目 HK\$'000	日常業務虧損 HK\$'000
By principal activity:					
Securities and equity derivative instruments trading and investment income	9,770	(989)	-	(989)	
Interest income	28,987	28,987	-	28,987	
Property investment and development	1,531	1,406	(16,489)	(15,083)	
	<u>40,288</u>	<u>29,404</u>	<u>(16,489)</u>	<u>12,915</u>	
Share of results of associated companies		(29,823)	-	(29,823)	
Corporate expenses		(50,417)	38,642	(11,775)	
Interest expenses		(690)	-	(690)	
		<u>(51,526)</u>	<u>22,153</u>	<u>(29,373)</u>	
By geographical market:					
North America	3,490	1,459	(580)	879	
Hong Kong	35,944	27,193	(15,909)	11,284	
South East Asia	854	752	-	752	
	<u>40,288</u>	<u>29,404</u>	<u>(16,489)</u>	<u>12,915</u>	
Share of results of associated companies		(29,823)	-	(29,823)	
Corporate expenses		(50,417)	38,642	(11,775)	
Interest expenses		(690)	-	(690)	
		<u>(51,526)</u>	<u>22,153</u>	<u>(29,373)</u>	

董事會報告書

董事會謹此提呈截至一九九九年三月三十一日止年度之週年報告及經審核財務報表。

主要業務

本公司乃一投資控股公司，並提供公司管理服務，其附屬公司之主要業務為投資控股、物業投資及發展、財務及證券投資。

年內，本集團增加其於恒進國際集團有限公司（「恒進」）及 Fronteer Financial Holdings, Limited（「Fronteer USA」）之投資額，數額分別增加約1,300,000港元及7,700,000港元。Fronteer USA乃本集團之聯營公司。此外，在動用聯營公司恒進所結欠為數75,000,000港元之貸款，以清還購入每股作價0.13港元之普通股50,000,000股，連同恒進總數達68,500,000港元之所有優先股本後，恒進於一九九九年三月三十一日成為本集團擁有55.86%權益之附屬公司。

年內，本集團亦出售其於一家附屬公司及若干聯營公司之全部權益，因而出現淨收益約6,800,000港元。

分類資料

茲將本集團截至一九九九年三月三十一日止年度按主要業務及運作地區劃分之營業額及除稅前日常業務虧損分析如下：

	未計 特殊項目之 日常業務虧損		除稅前 日常業務虧損	
	營業額 HK\$'000	特殊項目 HK\$'000	特殊項目 HK\$'000	日常業務虧損 HK\$'000
By principal activity:				
Securities and equity derivative instruments trading and investment income	9,770	(989)	-	(989)
Interest income	28,987	28,987	-	28,987
Property investment and development	1,531	1,406	(16,489)	(15,083)
	<u>40,288</u>	<u>29,404</u>	<u>(16,489)</u>	<u>12,915</u>
Share of results of associated companies		(29,823)	-	(29,823)
Corporate expenses		(50,417)	38,642	(11,775)
Interest expenses		(690)	-	(690)
		<u>(51,526)</u>	<u>22,153</u>	<u>(29,373)</u>
By geographical market:				
North America	3,490	1,459	(580)	879
Hong Kong	35,944	27,193	(15,909)	11,284
South East Asia	854	752	-	752
	<u>40,288</u>	<u>29,404</u>	<u>(16,489)</u>	<u>12,915</u>
Share of results of associated companies		(29,823)	-	(29,823)
Corporate expenses		(50,417)	38,642	(11,775)
Interest expenses		(690)	-	(690)
		<u>(51,526)</u>	<u>22,153</u>	<u>(29,373)</u>

DIRECTORS' REPORT - continued

SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of the Company's subsidiaries and principal associated companies at March 31, 1999 are set out in notes 40 and 41 to the financial statements respectively.

RESULTS

The results of the Group for the year ended March 31, 1999 are set out in the consolidated profit and loss account on page 22.

RESERVES

Movements during the year in the reserves of the Group and the Company are set out in note 24 to the financial statements.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 69.

FIXED ASSETS

The Group revalued all of its investment properties at March 31, 1999. The revaluation resulted in a net deficit amounting to HK\$4,520,000 which has been charged to the profit and loss account.

Details of these and other movements during the year in the fixed assets of the Group and the Company are set out in note 11 to the financial statements.

MAJOR PROPERTIES

Details of the major properties held by the Group at March 31, 1999 are set out on pages 70 and 71 of the annual report.

BORROWINGS AND INTEREST CAPITALISED

Notes payable, obligations under finance leases and bank loans, which are repayable within one year or on demand, are classified as current liabilities. A repayment analysis of notes payable and bank loans are set out in notes 26 and 27 to the financial statements respectively.

Interest capitalised by the Group during the year in respect of properties under development for sale amounted to HK\$816,000.

SHARE CAPITAL, WARRANTS AND SHARE OPTIONS

Details of movements in the share capital and warrants of the Company are set out in notes 21 and 22 to the financial statements respectively.

No share options was granted by the Company during the year. Details of the share option scheme of the Company are set out in note 23 to the financial statements.

董事會報告書 - 續

附屬公司及聯營公司

本公司之附屬公司及主要聯營公司於一九九九年三月三十一日之詳情分別載於財務報表附註40及41。

業績

本集團截至一九九九年三月三十一日止年度之業績載於第22頁之綜合損益賬內。

儲備

本集團及本公司於年內之儲備變動載於財務報表附註24。

五年財務資料概要

本集團於過去五個財政年度之業績及資產與負債概要載於第69頁。

固定資產

於一九九九年三月三十一日，本集團重估其所有投資物業。重估虧損淨額4,520,000港元已自損益賬中扣除。

上述變動及本集團與本公司之固定資產於年內之其他變動詳情載於財務報表附註11。

主要物業

本集團於一九九九年三月三十一日所持有之主要物業詳情載於年報第70頁及71頁。

借貸及撥作資本之利息

一年內到期或需於要求償還時立即清還之應付票據、財務租賃承擔及銀行貸款均列作流動負債。應付票據及銀行貸款之還款分析分別載於財務報表附註26及27。

本集團於年內就待售之發展中物業撥作資本之利息為816,000港元。

股本、認股權證及認股期權

本公司之股本及認股權證變動詳情分別載於財務報表附註21及22。

年內，本公司並無授出認股期權。有關本公司之認股期權計劃詳情載於財務報表附註23。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Chan Heng Fai
Chan Yoke Keow
Chan Sook Jin, Mary-ann

Independent non-executive directors:

Lee Ka Leung, Daniel
Wong Dor Luk, Peter (appointed on September 1, 1998)

Lai Yuk Kwong, Derek (resigned on September 1, 1998)

Other non-executive directors:

Ha Kee Choy
Trapp Robert Herman
Fong Kwok Jen
Kam Kwong Chan

Alternate directors:

Lau Man Tak (alternate to Trapp Robert Herman)

Lau Kwok Fai (alternate to Chan Heng Fai)
Wooldridge Mark Dean (alternate to Fong Kwok Jen)

Chan Tong Wan (alternate to Kam Kwong Chan)

In accordance with Articles 78 and 79 of the Company's Articles of Association, Messrs. Wong Dor Luk, Peter and Fong Kwok Jen retire by rotation and, being eligible, offer themselves for re-election. The term of office of each independent non-executive director and other non-executive director in the period up to his retirement by rotation and re-appointment are in accordance with the above articles.

購買、出售或贖回本公司之上市證券

本公司或其任何附屬公司於年內概無購買、出售或贖回本公司任何上市證券。

董事

年內及截至本報告書編製日期為止之本公司董事如下:

執行董事:

陳恒輝
陳玉嬌
陳淑貞

獨立非執行董事:

李家樑
王多祿 (於一九九八年
九月一日獲委任)
黎玉光 (於一九九八年
九月一日辭任)

其他非執行董事:

夏其才
Trapp Robert Herman
鄭國禎
甘光親

替任董事:

劉文德 (Trapp Robert Herman
之替任董事)
劉國輝 (陳恒輝之替任董事)
Wooldridge Mark Dean (鄭國禎之替任董事)
陳統理 (甘光親之替任董事)

根據本公司之公司組織章程細則第78及79條, 王多祿先生及鄭國禎先生輪值告退, 惟合資格且願膺選連任。獨立非執行董事及其他非執行董事之任期至根據上述條例輪值告退止, 且亦根據上述條例重獲委任。

DIRECTORS' INTERESTS IN SHARES

At March 31, 1999, the interests of the directors, chief executives and their associates in the share capital of the Company as recorded in the register maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

董事姓名 Name of directors	個人權益 Personal interests	所持之證券數目 Number of securities held			其他權益 Other interests
		公司權益 Corporate interests	家族權益 Family interests		
Chan Heng Fai 陳恒輝	25,850,291 shares 25,850,291 股股份 (附註1)	117,195,876 shares (note 1) 117,195,876 股股份 (附註1)	49,484,734 shares (note 2) 49,484,734 股股份 (附註2)	-	
Chan Yoke Keow 陳玉嬌	24,857,294 shares 24,857,294 股股份 (附註3)	10,193,840 shares (note 3) 10,193,840 股股份 (附註3)	143,046,167 shares (note 4) 143,046,167 股股份 (附註4)	14,433,600 shares (note 5) 14,433,600 股股份 (附註5)	
Chan Sook Jin, Mary-ann 陳淑貞	25,680 shares 25,680 股股份	-	3,016,000 shares (note 6) 3,016,000 股股份 (附註6)	-	
Trapp Robert Herman	-	6,750,000 shares (note 7) 6,750,000 股股份 (附註7)	-	-	
Fong Kwok Jen 鄭國禎	2,078,000 shares 2,078,000 股股份	-	-	-	
Wong Dor Luk, Peter 王多祿	280,000 shares 280,000 股股份	-	-	-	

Notes:

- These shares are owned by First Pacific International Limited and Heng Fai China & Asia Industries Limited, in which Mr. Chan Heng Fai, ("Mr. Chan") has a beneficial interest.
- These shares are owned by Mrs. Chan Yoke Keow ("Mrs. Chan"), the spouse of Mr. Chan.
- These shares are owned by BPR Holdings (BC) Inc. and BPR Holdings (Far East) Limited, in which Mrs. Chan has a beneficial interest.
- These shares are owned by Mr. Chan, the spouse of Mrs. Chan.
- These shares are owned by a discretionary trust, Bermuda Trust (South Pacific) Limited. Mrs. Chan is one of the discretionary objects.
- These shares are owned by Mr. Wooldridge Mark Dean, the spouse of Ms. Chan Sook Jin, Mary-ann.
- These shares are owned by Spurwood Corporation, a company which is controlled by Mr. Trapp Robert Herman.

董事於股份之權益

於一九九九年三月三十一日, 根據本公司遵照證券(披露權益)條例(「披露權益條例」)第29條存置之登記冊所載, 董事、主要行政人員及彼等之聯繫人士於本公司之股本中擁有之權益如下:

所持之證券數目

- 該等股份由陳恒輝先生(「陳先生」)實益擁有之First Pacific International Limited及恒輝中亞企業有限公司擁有。
- 該等股份由陳先生之配偶陳玉嬌女士(「陳女士」)擁有。
- 該等股份由陳女士實益擁有之BPR Holdings (BC) Inc.及BPR Holdings (Far East) Limited擁有。
- 該等股份由陳女士之配偶陳先生擁有。
- 該等股份由一項全權信託Bermuda Trust (South Pacific) Limited擁有, 而陳女士乃該項信託之受益人之一。
- 該等股份由陳淑貞女士之配偶Wooldridge Mark Dean先生擁有。
- 該等股份由Trapp Robert Herman先生控制之Spurwood Corporation擁有。

DIRECTORS' INTERESTS IN SHARES – continued

Other than as disclosed above and nominee shares in certain subsidiaries held by directors in trust for the Group, at March 31, 1999, none of the directors, the chief executives, and their associates had any interests in any shares of the Company or any of its associated corporations as defined in the SDI Ordinance.

DIRECTORS' SERVICE CONTRACTS

On November 9, 1998, a service contract was entered into between the Company and Mr. Chan, for a term of five years expiring on January 31, 2002, terminable by Mr. Chan on 180 days' notice. The terms of this service contract are deemed to have taken effect on February 1, 1997. This agreement has superseded the service contract dated February 1, 1997 and the supplementary agreements dated August 1, 1997 and February 1, 1998.

Commencing from February 1, 1998 to January 31, 2002, the contract provides for the payment of a salary of the greater of (i) an annual salary equals to 5.9% of the net assets value of the Company shown in its consolidated audited accounts at each financial year end of the Company, and (ii) 101% of the basic salary for the period from February 1, 1997 to January 31, 1998. Besides, Mr. Chan is also entitled to receive an accommodation allowance of HK\$30,000 per month.

In the event that the Company should terminate Mr. Chan's employment following the change of control of the Company, as defined in the contract, or for any reasons not specifically excluded in the contract, Mr. Chan shall be entitled to receive a lump sum equal to the sum which would have been payable by the Company as gross salary in respect of the unexpired term of the service contract on the date notice of termination is given as liquidated damages.

On February 1, 1997, a service contract was entered between the Company and Mrs. Chan, for a term of five years expiring on February 1, 2002, terminable by Mrs. Chan on 180 days' notice. The contract provides for the payment of a basic salary of HK\$88,000 per month, together with an additional amount equal to one month's salary payable in February of each year. The basic salary is to be revised on an annual basis by not less than 10% per year. In addition to the basic salary, Mrs. Chan shall be entitled to receive an accommodation allowance of HK\$30,000 per month. In the event that the Company should terminate Mrs. Chan's employment following a change of control of the Company as defined in the contract, or for any reasons not specifically excluded in the contract, Mrs. Chan shall be entitled to receive a lump sum equal to the sum which would have been payable by the Company as gross salary in respect of the unexpired term of the service contract on the date notice of termination is given as liquidated damages.

董事於證券之權益 – 續

除上文所披露者及董事以信託方式代表本集團持有之若干附屬公司代理人股份外，董事、主要行政人員及彼等之聯繫人士於一九九九年三月三十一日概無擁有本公司或其任何附屬公司（定義見披露權益條例）任何股份權益。

董事之服務合約

於一九九八年十一月九日，本公司與陳先生訂立了一份服務合約，為期五年，於二零零二年一月三十一日期滿。在陳先生發出180日之通知下，可終止此服務合約。該份服務合約之條款被當作已於一九九七年二月一日起生效。該協議已代替一九九七年二月一日訂立之服務合約及一九九七年八月一日及一九九八年二月一日訂立之補充協議。

由一九九八年二月一日起至二零零二年一月三十一日，合約規定須支付薪金之金額為(i)相等於本公司每個財政年度終結時之經審核綜合賬目所示本公司之資產淨值5.9%之年薪；及(ii)於一九九七年二月一日至一九九八年一月三十一日期間基本薪金之101%（以較高者為準）。陳先生亦有權收取每月30,000港元之房屋津貼。

倘本公司因控制權轉變（按合約所界定），或因合約並無特別訂明豁免之任何原因而終止僱用陳先生，則陳先生有權於接獲解僱通知當日收取一筆款項，數額相等於本公司於服務合約餘下期間須付予陳先生之薪金總額，作為確定賠償金。

於一九九七年二月一日，本公司與陳女士訂立了一份服務合約，為期五年，於二零零二年二月一日屆滿。在陳女士發出180日之通知下，可終止此服務合約。合約規定每月須支付88,000港元之基本薪金，另於每年二月支付一筆相等於一個月薪金之額外款項。基本薪金每年須重新釐定，惟每年加薪幅度不得少於10%。除基本薪金外，陳女士亦有權收取每月30,000港元之房屋津貼。倘本公司因控制權轉變（按合約所界定），或因合約並無特別訂明豁免之任何原因而終止僱用陳女士，則陳女士有權於接獲解僱通知當日收取一筆款項，數額相等於本公司於服務合約餘下期間須付予陳女士之薪金總額，作為確定賠償金。

DIRECTORS' SERVICE CONTRACTS – continued

On February 1, 1998, a supplementary agreement on the service contract was entered into between the Company and Mrs. Chan in substitution for various terms of the service contract referred to above. The supplementary agreement provides for the payment of a salary of the greater of (i) an annual salary equal to 1% of the net assets value of the Company shown in its consolidated audited accounts at each financial year end of the Company, and (ii) 110% of the basic salary as mentioned in the service contract entered on February 1, 1997.

Other than as disclosed above, none of the directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS AND CONNECTED TRANSACTIONS

Other than certain transactions as disclosed in note 38 to the financial statements, no other contract of significance to which the Company or any of its subsidiaries 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.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During the year, the outstanding options to subscribe for shares in the capital of the Company at subscription prices ranging from HK\$0.3064 to HK\$0.4512 per share granted to certain directors of the Company under the share option scheme of the Company, are as follows:

董事姓名	授出日期	行使價	行使期	於一九九八年四月一日及一九九九年三月三十一日尚未行使之認股權證股份數目 Number of option shares outstanding at 4.1.1998 and 3.31.1999
Name of director	Date of grant	Exercise price HK\$	Exercisable period	
Chan Heng Fai 陳恒輝	(i) 4.22.1996	0.4025	4.22.1996 to 4.21.2006	1,000,000
	(ii) 5.15.1997	0.4512	5.15.1997 to 5.14.2007	6,660,000
	(iii) 10.26.1997	0.3064	10.26.1997 to 10.25.2007	14,400,000

董事之服務合約 – 續

於一九九八年二月一日，本公司與陳女士就服務合約訂立了一份補充協議，以代替上述服務合約多項條款。該份補充協議規定須支付薪金，金額為(i)相等於本公司每個財政年度終結時之經審核綜合賬目所示本公司之資產淨值1%之年薪；及(ii)於一九九七年二月一日訂立之服務合約所載基本薪金之110%（以較高者為準）。

除上文所披露者外，概無董事與本公司訂立任何本公司不可於一年內毋須作出賠償（法定賠償除外）而終止之服務合約。

董事於合約之權益及關連交易

除財務報表附註38所披露若干交易外，於年終或年內任何時間，本公司或其任何附屬公司概無訂立任何本公司董事直接或間接擁有重大權益且仍然生效之重要合約。

購入股份或債券之安排

於本年度內，本公司根據其認股期權計劃，授予本公司若干董事可以每股0.3064港元至0.4512港元之認購價認購本公司股本中股份之尚未行使認股期權如下：

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES – continued

購入股份或債券之安排 – 續

董事姓名	授出日期	行使價	行使期	於一九九八年 四月一日及 一九九九年 三月三十一日 尚未行使之認股 期權股份數目 Number of option shares outstanding at 4.1.1998 and 3.31.1999
Name of director	Date of grant	Exercise price HK\$	Exercisable period	
Chan Yoke Keow 陳玉嬌	(i) 4.22.1996	0.4025	4.22.1996 to 4.21.2006	2,071,739
	(ii) 5.15.1997	0.4512	5.15.1997 to 5.14.2007	6,660,000
	(iii) 10.26.1997	0.3064	10.26.1997 to 10.25.2007	14,400,000
Chan Sook Jin, Mary-ann 陳淑貞	(i) 10.26.1997	0.3064	10.26.1997 to 10.25.2007	25,000,000
Trapp Robert Herman	(i) 5.15.1997	0.4512	5.15.1997 to 5.14.2007	980,000
	(ii) 10.26.1997	0.3064	10.26.1997 to 10.25.2007	7,000,000

No options was granted or exercised during the year.

並無認股期權於年內授出或行使。

Details of the share option scheme are set out in note 23 to the financial statements.

認股期權計劃詳情載於財務報表附註23。

Consideration of HK\$1 was received from each of the option holders, at the time that the options were accepted.

認股期權獲接納時，本公司已向每名認股期權持有人收取1港元之代價。

On November 25, 1998, Fronteer Financial Holdings, Limited ("Fronteer USA") granted 2,800,000 non-qualified stock options to purchase shares of common stock to members of the Board of Directors of Fronteer USA, which includes Mr. Chan at a price of US\$0.2 per share which was equal to the closing price of the common stock as reported on the OTC Bulletin Board on that date. The options vest at the rate of 20% per year through November 25, 2003 and expire on the anniversary date in 2008; provided that no option shall be exercisable until and unless basic earnings per share for any fiscal year commencing with the fiscal year ending September 30, 1999, are equal to or exceed US\$0.1 per share.

一九九八年十一月二十五日，Fronteer Financial Holdings, Limited (「Fronteer USA」) 向Fronteer USA董事會各成員(包括陳先生)授出2,800,000份非限定認股期權，可按每股0.2美元之價格購入普通股，該價格相當於該日OTC Bulletin Board所錄得普通股之收市價。該等認股期權附帶年息率二十厘，直至二零零三年十一月二十五日，並於二零零八年週年日屆滿，惟先決條件乃該等認股期權直至與除非由截至一九九九年九月三十日止財政年度起計各財政年度之每股基本盈利乃相等或超過每股0.1美元，方可行使。

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES – continued

購入股份或債券之安排 – 續

On January 28, 1999, Mr. Chan was granted options to purchase 8,000,000 shares of Fronteer USA's common stock at US\$0.3 per share, which was the fair market value of the stock on the date of grant. The options are exercisable immediately through January 27, 2009. The grant was approved by a vote of the Board of Directors of Fronteer USA, in which Mr. Chan abstained.

一九九九年一月二十八日，陳先生獲授認股期權，可按每股0.3美元之價格認購8,000,000股Fronteer USA普通股。此價格乃授出日期股份之公平市價。該等認股期權可即時行使，直至二零零九年一月二十七日為止。Fronteer USA董事會投票通過有關授出事項，惟陳先生棄權投票。

In January 1999, the Board of Directors of Fronteer Development Finance Inc. ("Fronteer Development"), a subsidiary of Fronteer USA, which includes Mr. Chan, authorised the 1999 Incentive and Non-statutory Stock Option Plan. The Board of Directors of Fronteer Development granted, to its directors, which includes Mr. Chan, options to purchase 620,000 shares of Fronteer Development's common stock at US\$3 per share, exercisable immediately and for a period of ten years.

一九九九年一月，Fronteer USA 旗下一附屬公司Fronteer Development Finance Inc. (「Fronteer Development」) 董事會(包括陳先生在內)批准一九九九年獎勵及非法定認股期權計劃。Fronteer Development董事會向包括陳先生在內之董事授出認股期權，彼等可按每股3美元之價格認購620,000股Fronteer Development普通股。該等認股期權可即時予以行使，有效期長達十年。

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor the chief executives, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such rights during the year.

除上文所披露者外，本公司或其任何附屬公司於年內任何時間概無參與任何安排，致使本公司之董事可透過收購本公司或任何其他法人團體之股份或債券而獲益，且董事、主要行政人員或彼等之配偶或未滿18歲子女概無任何可認購本公司證券之權利，且彼等於年內亦無行使任何此等權利。

SUBSTANTIAL SHAREHOLDERS

主要股東

Other than the interests disclosed above in respect of certain directors and chief executives of the Company, the register of substantial shareholders maintained by the Company pursuant to Section 16(1) of the SDI Ordinance disclosed no other person as having an interest of 10% or more in the issued share capital of the Company as at March 31, 1999.

於一九九九年三月三十一日，除上文所披露有關本公司若干董事及主要行政人員之權益外，根據本公司遵照披露權益條例第16(1)條所保存之主要股東登記冊披露，概無其他人士擁有本公司10%或以上已發行股本之權益。

MAJOR CUSTOMERS AND SUPPLIERS

主要客戶及供應商

For the year ended March 31, 1999, the aggregate amount of interest income attributable to the Group's five largest customers accounted for approximately 65.7% of the Group's total turnover and the amount of interest income attributable to the Group's largest customer was approximately 21.9% of the Group's total turnover. The aggregate amount of purchases attributable to the Group's five largest customers accounted for less than 30% of the Group's total purchases.

截至一九九九年三月三十一日止年度，本集團五大客戶應佔利息收入總額約佔集團總營業額65.7%，而本集團最大客戶應佔利息收入約佔集團總營業額約21.9%。本集團五大客戶應佔之採購總額佔集團採購總額不足30%。

The five largest customers included Fronteer HK and Fronteer USA and the amounts of turnover attributable to them accounted for approximately 21.9% and 15.1% respectively.

五大客戶包括恒進及Fronteer USA，彼等之應佔營業額分別約為21.9%及15.1%。

Apart from the indirect interest in Fronteer HK and Fronteer USA, by virtue of holding of the Company's shares, none of the directors, their associates or any shareholders (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) has any interest in any of the Group's largest customers.

除藉持有本公司股份而於恒進及Fronteer USA擁有間接權益外，就董事所知，擁有本公司已發行股本逾5%之董事、彼等聯繫人士或任何股東概無於本集團任何最大客戶持有任何權益。

POST BALANCE SHEET EVENTS

Details of the significant post balance sheet events are set out in note 39 to the financial statements.

CORPORATE GOVERNANCE

The Company has complied throughout the year ended March 31, 1999 with those paragraphs of the Code of Best Practice, as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, with which it is required to report compliance. On December 28, 1998, the Company established an Audit Committee comprising Messrs. Lee Ka Leung, Daniel and Wong Dor Luk, Peter independent non-executive directors of the Company. In establishing the terms of reference for this committee, the directors have had regard to "A Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants in December 1997.

YEAR 2000 COMPLIANCE

The Year 2000 problem is the result of computer programs being written using two digits rather than four to define the applicable year. Any computer programs that have time-sensitive software may recognise a date using "00" as the year 1900 rather than the year 2000. This could result in a major system failure or miscalculations.

The Group has completed assessments on both computer hardware and software to ensure Year 2000 compliance. The date of completion is extended to the end of September 1999 so as to upgrade the individually operated computer hardware.

The total estimated costs of the plan for Year 2000 compliance will be less than HK\$500,000 and the amount incurred up to March 31, 1999 was approximately HK\$200,000. The cost would be recorded either as assets and amortised or as operating expenses according to the Group's underlying accounting policies. It is expected that the modification cost do not have any material effect on its financial position or results of operations.

The Group believes the Year 2000 issue has no significant impact on the Group's business operation.

AUDITORS

A resolution will be submitted to the annual general meeting to re-appoint the auditors Messrs. Deloitte Touche Tohmatsu.

On behalf of the Board

CHAN HENG FAI
CHAIRMAN AND MANAGING DIRECTOR

August 27, 1999

董事會報告書 – 續

結算日後事項

於結算日後之重大事項詳情載於財務報表附註 39。

公司監管

本公司於截至一九九九年三月三十一日止年度一直遵守香港聯合交易所有限公司證券上市規則附錄十四所載之最佳應用守則，並已按有關各段所載之規定作出呈報。本公司於一九九八年十二月二十八日成立由獨立非執行董事李家樑先生及王多祿先生組成之審核委員會。於確立此委員會之授權範圍時，董事會已參考香港會計師公會於一九九七年十二月頒布之「成立審核委員會指引」。

符合公元二千年規格

公元二千年問題乃由於電腦程式確定應用年份時讀取兩位數字而非四位數字所致。具備計時功能軟件之所有電腦程式均有可能將利用「00」儲存之二零零零年日期錯誤為一九零零年日期，因而造成嚴重系統故障或日期計算錯誤。

本集團已完成電腦軟硬件之評估工作，以確保所有軟硬件均符合公元二千年規格。整個計劃之完成日期現延至一九九九年九月底，以便提升獨立運作之電腦硬件。

符合公元二千年規格計劃預計之總費用將少於500,000港元，而截至一九九九年三月三十一日已產生之費用則均為200,000港元。該筆費用將按照本集團基本會計政策列作資產並予以攤銷，或列作經營費用。預期改良費用對本集團之財政狀況或經營業績並無重大影響。

本集團相信，公元二千年問題不會對本集團之業務運作造成重大影響。

核數師

一項有關重新委任德勤•關黃陳方會計師行為本公司核數師之決議案將於股東週年大會上提呈。

承董事會命

陳恒輝
主席兼董事總經理

一九九九年八月二十七日

Deloitte Touche
Tohmatsu

Certified Public Accountants
29/F, Wing On Centre
111 Connaught Road Central
Hong Kong

德勤•關黃陳方會計師行
香港中環干諾道中111號
永安中心29樓

TO THE MEMBERS OF HENG FUNG HOLDINGS COMPANY LIMITED
(incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 22 to 68 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

Respective responsibilities of directors and auditors

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements 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 statements 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. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed 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 financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at March 31, 1999 and of the loss and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

DELOITTE TOUCHE TOHMATSU
Certified Public Accountants

August 27, 1999

致恆鋒集團有限公司各位股東
(在香港註冊成立之有限公司)

本核數師行已完成審核載於第22頁至第68頁按照香港普遍採納之會計原則編製的財務報表。

董事及核數師的個別責任

《公司條例》規定董事須負責編製真實與公平的財務報表。在編製該等財務報表時，董事必須貫徹採用合適的會計政策。

本行的責任是根據本行審核工作的結果，對該等財務報表表達獨立的意見，並向股東作出報告。

意見的基礎

本行是按照香港會計師公會頒佈的核數準則進行審核工作。審核範圍包括以抽查方式查核與財務報表所載數額及披露事項有關的憑證，亦包括評估董事於編製該等財務報表時所作的重大估計和判斷，所釐定的會計政策是否適合貴公司及貴集團的具體情況，及是否貫徹應用並足夠地披露該等會計政策。

本行在策劃和進行審核工作時，均以取得一切本行認為必需的資料及解釋為目標，使本行能獲得充分的憑證，就該等財務報表是否存在重要錯誤陳述，作出合理的確定。在表達意見時，本行亦已衡量該等財務報表所載的資料在整體上是否足夠。本行相信，本行的審核工作已為下列意見建立合理的基礎。

意見

本行認為上述的財務報表均真實與公平地反映貴公司及貴集團於一九九九年三月三十一日的財務狀況及貴集團截至該日止年度的虧損和現金流量，並已按照《公司條例》妥善編製。

德勤•關黃陳方會計師行
執業會計師

一九九九年八月二十七日

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1999

綜合損益賬
截至一九九九年三月三十一日止年度

		附註 Notes	1999 HK\$'000	1998 HK\$'000
TURNOVER	營業額	3	40,288	172,297
OPERATING PROFIT (LOSS)	經營溢利(虧損)			
Continuing operations excluding exceptional items	未計特殊項目前之 持續經營業務	4	(21,703)	(28,480)
Exceptional items	特殊項目	5	22,153	(126,872)
			450	(155,352)
SHARE OF RESULTS OF ASSOCIATED COMPANIES	應佔聯營公司業績		(29,823)	(29,448)
LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION	除稅前日常業務 虧損		(29,373)	(184,800)
TAXATION	稅項	8	(4,253)	773
LOSS BEFORE MINORITY INTERESTS	未計少數股東權益前虧損		(33,626)	(184,027)
MINORITY INTERESTS	少數股東權益		(703)	2,171
LOSS FOR THE YEAR	本年度虧損	9	(34,329)	(181,856)
LOSS PER SHARE	每股虧損	10	(2.75) cents 仙	(17.58) cents 仙

CONSOLIDATED BALANCE SHEET
At MARCH 31, 1999

綜合資產負債表
於一九九九年三月三十一日

		附註 Notes	1999 HK\$'000	1998 HK\$'000
FIXED ASSETS	固定資產	11	49,013	31,833
INTERESTS IN ASSOCIATED COMPANIES	於聯營公司之權益	13	55,516	34,619
PROPERTIES UNDER DEVELOPMENT FOR SALE	待售之發展中物業	14	50,400	61,500
OTHER INVESTMENTS	其他投資	15	50,000	59,730
OTHER RECEIVABLES	其他應收賬款	16	3,482	5,855
NET CURRENT ASSETS	流動資產淨值	17	150,027	211,516
			358,438	405,053
Financed by:	資金來源:			
SHARE CAPITAL	股本	21	312,614	312,614
RESERVES	儲備	24	44,079	84,370
SHAREHOLDERS' FUNDS	股東資金		356,693	396,984
MINORITY INTERESTS	少數股東權益		838	135
DEFERRED TAXATION	遞延稅項	25	907	843
NOTES PAYABLE - DUE AFTER ONE YEAR	一年後到期之應付票據	26	-	7,091
			358,438	405,053

The financial statements on pages 22 to 68 were approved by the Board of Directors on August 27, 1999 and are signed on its behalf by:

第22頁至第68頁所載之財務報表已於一九九九年八月二十七日由董事會通過，並由下列董事代表簽署：

Chan Heng Fai 陳恒輝
Director 董事

Chan Yoke Keow 陳玉嬌
Director 董事

BALANCE SHEET
At MARCH 31, 1999

		附註 Notes	1999 HK\$'000	1998 HK\$'000
FIXED ASSETS	固定資產	11	1,413	2,234
INTERESTS IN SUBSIDIARIES	於附屬公司之權益	12	303,838	367,266
INTERESTS IN ASSOCIATED COMPANIES	於聯營公司之權益	13	4,557	4,165
OTHER INVESTMENTS	其他投資	15	-	40,130
OTHER RECEIVABLES	其他應收賬款	16	-	300
NET CURRENT ASSETS	流動資產淨值	17	44,342	51,376
			<u>354,150</u>	<u>465,471</u>
Financed by:	資金來源:			
SHARE CAPITAL	股本	21	312,614	312,614
RESERVES	儲備	24	41,536	152,857
SHAREHOLDERS' FUNDS	股東資金		<u>354,150</u>	<u>465,471</u>

Chan Heng Fai
Director

陳恆輝
董事

Chan Yoke Keow
Director

陳玉嬌
董事

資產負債表
於一九九九年三月三十一日

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED MARCH 31, 1999

綜合現金流量表
截至一九九九年三月三十一日止年度

		附註 Notes	1999 HK\$'000	1998 HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	來自經營業務之現金流出淨額	28	(19,873)	(124,019)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	投資回報及融資償還			
Interest received	已收利息		18,837	18,792
Dividends received	已收股息		919	1,366
Interest on bank and other borrowings paid	已付銀行及其他借貸之利息		(1,460)	(3,426)
Interest on obligations under finance leases paid	已付財務租賃承擔之利息		(46)	(62)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	來自投資回報及融資償還之現金流入淨額		<u>18,250</u>	<u>16,670</u>
TAXATION	稅項			
Tax paid	已繳稅項		(375)	(11)
INVESTING ACTIVITIES	投資業務			
Investment in convertible loan notes of an associated company	於聯營公司之可換股貸款票據之投資		(30,940)	(30,932)
Purchase of other investments	購買其他投資		(11,619)	(69,697)
Increase in loan and amounts due from/to associated companies (net)	借予聯營公司之貸款及應收/結欠聯營公司之款項(淨額)增加		(3,642)	(62,724)
Purchase of fixed assets	購買固定資產		(1,608)	(2,291)
Investment in associated companies	於聯營公司之投資		(1,330)	(114,452)
Sales proceeds on disposal of other investments	出售其他投資之銷售收益		8,510	19,897
Purchase of subsidiaries (net of cash and cash equivalents acquired)	收購附屬公司(已扣除所收購之現金及現金等值項目)	30	3,460	-
Decrease in other receivables	其他應收賬款減少		389	2,808
Disposal of interest in a subsidiary (net of cash and cash equivalents disposed of)	出售一附屬公司權益(已扣除所出售之現金及現金等值項目)	31	(830)	(3,049)
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	來自投資業務之現金流出淨額		<u>(37,610)</u>	<u>(260,440)</u>
NET CASH OUTFLOW BEFORE FINANCING	未計融資前之現金流出淨額		<u>(39,608)</u>	<u>(367,800)</u>

CONSOLIDATED CASH FLOW STATEMENT – continued
FOR THE YEAR ENDED MARCH 31, 1999

綜合現金流量表 – 續
截至一九九九年三月三十一日止年度

	附註 Note	1999 HK\$'000	1998 HK\$'000
FINANCING	融資		
Repayment of obligations under finance leases	償還財務租賃承擔	(325)	(433)
Repayment of notes payable	償還應付票據	(111)	(97)
Repayment of secured bank loans	償還抵押銀行貸款	(20,000)	–
Issue of ordinary shares	發行普通股	–	526,399
Repayment of unsecured bank loans	償還無抵押銀行貸款	–	(29,432)
Shares issued expenses	發行股份開支	–	(14,406)
Contribution from minority shareholders of subsidiaries	附屬公司少數股東之貢獻	–	936
Repayment of advances from minority shareholders of subsidiaries	償還附屬公司少數股東之墊款	–	(482)
NET CASH (OUTFLOW) INFLOW FROM FINANCING	來自融資之現金(流出)流入淨額	(20,436)	482,485
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值項目(減少)增加	(60,044)	114,685
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動之影響	–	(1,843)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初之現金及現金等值項目	140,571	27,729
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	年終之現金及現金等值項目	80,527	140,571
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等值項目結餘之分析		
Bank balances and cash	銀行結餘及現金	80,527	140,571

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1999

1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares and warrants are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

2. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies which have been adopted in preparing these financial statements and which conform with accounting principles generally accepted in Hong Kong are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to March 31 each year.

The results of the subsidiaries and associated companies 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.

Acquisition and disposal

On the acquisition of a business, including an interest in a subsidiary or an associated company, fair value is attributed to the Group's share of the separable net assets acquired. Where the cost of acquisition exceeds the fair value attributable to such net assets, the difference is treated as purchased goodwill and is written off directly to the goodwill reserve in the year of acquisition. Where the directors consider that there has been a permanent diminution in value of goodwill, an amount equal to the diminution is transferred from the goodwill reserve and charged to the profit and loss account.

On the disposal of a previously acquired business, the attributable amount of purchased goodwill relating to that business not previously charged to the profit and loss account is included in the determination of the profit or loss on disposal of the business.

Revenue recognition

Premiums received from the inception of equity derivative instruments are taken into the calculation of the gain or loss arising on the equity derivative instruments upon the date of expiration or termination of the contracts.

Securities trading income is recognised when contracts are executed.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

財務報表附註
截至一九九九年三月三十一日止年度

1. 概述

本公司為一家在香港註冊成立之公眾有限公司，其股份及認股權證在香港聯合交易所有限公司（「聯交所」）上市。

2. 主要會計政策

編製財務報表時所採用並與香港普遍採納之會計原則一致之主要會計政策如下：

綜合基準

綜合財務報表包括本公司及其附屬公司每年結算至三月三十一日止之財務報表。

於年內收購或出售之附屬公司及聯營公司之業績分別由收購生效之日起計入綜合損益賬內或結算至出售生效之日止。

本集團成員公司之間所有重大交易及結餘均於綜合賬目時互相抵銷。

收購及出售

於收購一項業務時，包括附屬公司或聯營公司之權益，其公平價值乃計入本集團應佔所收購之可分資產淨值。倘收購成本超出該資產淨值應佔之公平價值，其差額將被視為收購商譽並直接從收購年度之商譽儲備中註銷。倘董事認為商譽已產生永久減值，則相等於減值之數額將由商譽儲備轉撥至損益賬中扣除。

於出售以往收購之業務時，有關該業務應佔之收購商譽（以往未在損益賬中扣除者）將於出售該業務時計入損益賬內。

收入確認

投資衍生工具所得溢價乃於該等合約屆滿或到期時列作該等投資衍生工具之收益或虧損。

證券買賣收入於合約簽訂時確認。

投資之股息收入將於股東收取付款之權利確立後予以確認。

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Revenue recognition – continued

Rental income, including rentals invoiced in advance from properties under operating leases, is recognised on a straight line basis over the terms of the lease.

Interest income is accrued on a time basis by reference to the principal outstanding and at the rate applicable.

Investments in subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost less provision for permanent diminution in value, if necessary.

Investments in associated companies

An associated company is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated profit and loss account includes the Group's share of the post-acquisition results of its associated companies for the year. In the consolidated balance sheet, interests in associated companies are stated at the Group's share of the net assets of the associated companies.

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

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The principal portion of the corresponding leasing commitments is shown as obligations of the Group. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the profit and loss account over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals receivable or payable are credited or charged respectively to the profit and loss account on a straight line basis over the terms of the lease.

2. 主要會計政策 – 續

收入確認 – 續

租金收入(包括就附有營業租約之物業預早開列發票之租金)乃於租約期內按直線法基準加以確認。

利息收入乃按時間比例基準根據尚餘本金及適用息率累計。

於附屬公司之投資

附屬公司指本公司直接或間接持有已發行股本一半以上,或控制其過半數投票權,或本公司控制其董事會或同等監管團體之組成公司。

附屬公司之投資乃按成本值減(倘需要時)永久減值撥備列入本公司之資產負債表內。

於聯營公司之投資

聯營公司乃本集團可對該公司行使重大影響力,包括參與制訂財務及經營決策。

綜合損益賬包括年內本集團應佔其聯營公司之收購後業績。在綜合資產負債表內,於聯營公司之權益乃以本集團應佔聯營公司資產淨值列賬。

聯營公司業績乃以年度內已收及應收股息收入計算。在本公司資產負債表中,於聯營公司之投資均按成本值減(倘需要時)永久減值撥備列賬。

租賃

凡租賃條款規定將擁有租賃資產之風險及利益大部分轉移予本集團之租賃,均列為財務租賃。根據財務租賃持有之資產以其於購入日期之合理價值資本化入賬。租賃承擔之相應主要部分則列為本集團之債務。財務費用(即總租賃承擔與所收購資產之合理價值之差額)按有關租賃之年期於損益賬內扣除,以於每個會計期間,為債務餘額制定一個固定之徵收率。

所有其他租賃均列為經營租賃,每年應收及應付之租金均以直線法按租約年期分別撥入損益賬或自損益賬中扣除。

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the profit and loss account. Where a deficit has previously been charged to the profit and loss account and a revaluation surplus subsequently arises, this surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the profit and loss account.

No depreciation is provided on investment properties except where the unexpired term of relevant lease is 20 years or less.

Fixed assets and depreciation

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

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the profit and loss account.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

2. 主要會計政策 – 續

投資物業

投資物業乃指具有投資潛力而持有之已落成物業,任何租金收入乃經公平原則磋商釐定。

投資物業乃按結算日之公開市值(以獨立專業估值為依據)入賬。重估投資物業所產生之任何盈餘或虧損計入投資物業重估儲備內或自投資物業重估儲備中扣除,除非此項儲備之結餘不足以彌補虧損則除外;在此情況下,虧損超出投資物業重估儲備結餘之部分自損益賬中扣除。倘虧損額先於自損益賬中支出,其後產生重估盈餘,該盈餘則於損益賬列賬,惟數額不得超出先前支出之虧損額。

出售投資物業時,該物業應佔之投資物業重估儲備額將轉撥入損益賬中。

除有關未屆滿租賃年期為二十年或少於二十年之物業外,投資物業並無計算折舊。

固定資產及折舊

投資物業以外之固定資產按成本或估值減折舊入賬。資產之成本包括其購買價及將資產達至其擬定用途之目前運作狀況及位置所產生之任何直接應佔成本。固定資產開始運作後產生之支出(包括維修及保養及大修費用)通常於產生期間自損益賬扣除。倘若可清楚顯示該等支出會在未來增加因使用固定資產時帶來之經濟利益,該等支出則資本化,作為固定資產額外成本。

出售或廢置資產所產生之收益或虧損,乃以該資產之銷售所得款項及其賬面值兩者之差額於損益賬中確認。

倘資產之可收回款項降至低於其賬面值,賬面值須相應調低以反映減值。在釐定資產之可收回款項時,預期日後所得流動現金不會按其現值折現。

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Fixed assets and depreciation – continued

Certain properties held for development are carried at a valuation at March 31, 1995. Advantage has been taken of the transitional relief provided by paragraph 72 of the Statement of Standard Accounting Practice No. 17 “Property, plant and equipment” issued by the Hong Kong Society of Accountants from the requirement to make regular revaluations of the Group’s land and buildings which had been carried out at revalued amounts prior to September 30, 1995 and accordingly no further revaluation of properties held for development is carried out. The surplus arising on revaluation of land and buildings was credited to the revaluation reserve. Any future decrease in value of these assets will be charged to the profit and loss account to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of the asset. On the sale or retirement of such assets, the attributable revaluation surplus will be transferred to retained profits.

Land and buildings in the course of development for production, rental or administrative purposes or for purposes not yet determined, are carried at cost, less any provision for diminution in value considered necessary by the directors. Cost includes professional fees and borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation is provided to write off the cost or valuation of other fixed assets over their estimated useful lives, on the following bases and at the following rates per annum:

Leasehold improvement	Over the term of the lease
Buildings	2% on straight line method
Leasehold land	Over the remaining terms of the leases
Furniture, fixtures and motor vehicles	20%-25% on reducing balance method

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets, or where shorter, the terms of the lease.

Capitalisation of borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

2. 主要會計政策 – 續

固定資產及折舊 – 續

若干持作發展之物業乃以一九九五年三月三十一日之價值計算。根據香港會計師公會發出之標準會計守則第17條72段「物業、廠房及設備」之過渡安排，本集團獲豁免無須定期重估其土地及樓宇（已按一九九五年九月三十日之重估價值進行重估），因此，本集團再無對持作發展之物業進行重估。因重估土地及樓宇價值而產生之盈餘一概計入重估儲備。重估資產時若該資產之價值有任何進一步下跌，而跌幅超過較早前重估資產時之重估儲備金額（如有者），則有關下跌款額應列入損益賬內。該等資產其後出售或廢置，其應佔之重估盈餘須撥往保留溢利。

發展作生產、租賃或行政用途或未決定用途之土地與樓宇，乃按成本，減董事認為需要之貶值撥備而列賬。根據本集團之會計政策，成本包括專業服務費用及撥作資本之借貸成本。該等資產之折舊自資產落成或作擬定用途起開始計算。

其他固定資產之成本或估值按其估計可使用年期予以攤銷，每年之折舊率按下列方式計算：

租賃物業裝修	按租約年期
樓宇	2%按直線法
租賃土地	按租約餘下年期
傢俬、裝置及汽車	20%-25%按餘額遞減法

以財務租賃持有之資產乃按其估計可使用年期或租賃期（以較短者為準），以與自置資產相同之基準計算折舊。

借貸成本撥作資本

由購入、建造或生產有限制資產（即需要頗長時間方可作擬定用途或銷售之資產）所直接產生之借貸成本，會撥作該等資產之部分成本。當該等資產充分準備用作指定用途或銷售時，借貸成本不再撥作資本。按特備借貸等使用作有限制資產支出時，將其轉作短期投資之利息收入，需以借貸成本撥作資本中扣除。

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Properties held for sale/Properties under development for sale

Properties held for sale/properties under development for sale are stated at the lower of cost and net realisable value. Cost includes borrowing cost, professional fees and other direct costs attributable to such properties until they reach a marketable state. Net realisable value represents the estimated selling price less all further costs to completion and costs to be incurred in selling.

Investments

Investments held for long term investment purposes are stated at cost less provision, if necessary, for any permanent diminution in value.

Listed investments held for short term trading purposes are stated at the lower of cost and market value on individual basis.

Investments in convertible loan notes are stated at cost less provision, if necessary, for permanent diminution in value.

Inventories

Inventories represent goods held for resale and are stated at the lower of cost and net realisable value. Cost, which comprises, all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less all estimated costs of completion and the estimated costs necessary to make the sale.

Foreign currencies

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Profits and losses arising on exchange are dealt with in the profit and loss account.

In preparing consolidated financial statements, the financial statements of overseas operations which are denominated in foreign currencies are translated at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in the translation reserve.

2. 主要會計政策 – 續

待出售物業/待售之發展中物業

待出售物業/待售之發展中物業按成本及可變現淨值兩者中之較低值入賬。成本包括借貸成本、專業費用及其他直接導致有關物業達致可作出售用途之費用。可變現淨值乃指估計售價減去所有因完工而須承擔之其他成本及於出售時須承擔之成本。

投資

持作長期投資之投資按成本值減（倘需要時）任何永久減值撥備列賬。

持作短期買賣之上市投資以成本值及市價兩者中之較低者按個別基準入賬。

可換股貸款票據之投資乃按成本值減（倘需要時）任何永久減值撥備列賬。

存貨

存貨乃指待轉售貨品，並按成本及可變現淨值兩者中之較低者入賬。成本包括所有購買成本及（如適用）轉換成本及將存貨運藏至現有地點及改變為現狀所涉及之其他成本，乃按加權平均成本法計算。可變現淨值乃指在日常業務之估計售價減去所有因完工而須承擔之成本以及於出售前所須承擔之估計成本。

外幣兌換

外幣交易均按交易日之匯率折算。以外幣為單位之貨幣性資產及負債則按結算日之匯率再折算。因匯兌而產生之損益均列入損益賬內處理。

在編製綜合財務報表時，海外業務之財務報表乃按結算日之匯率折算。所有因折算而出現之匯兌差額均撥入換算儲備處理。

2. SIGNIFICANT ACCOUNTING POLICIES – continued

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Cash equivalents

Cash equivalents represent short term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advance.

3. TURNOVER

	營業額包括:	1999 HK\$'000	1998 HK\$'000
Turnover comprises:			
Securities and equity derivative instruments trading and investment income	證券及投資衍生工具之買賣及投資收入	9,770	142,080
Interest income	利息收入	28,987	19,603
Property rental and management income	物業租金及管理收入	1,531	2,469
Manufacture and sales of goods	生產及銷售貨物	-	8,145
Total	總額	40,288	172,297

2. 主要會計政策 – 續

稅項

稅項支出乃按已就毋須課稅或無減免項目作出調整之本年度業績為計算基準。由於就稅務確認若干收支項目之會計期間與在財務報表內確認之會計期間不同，故會出現時差。時差帶來之稅務影響以負債法計算，並只會在可預見將來會出現負債或資產之情況下在財務報表內確認為遞延稅項。

現金等值項目

現金等值項目指短期及變現能力甚高，並可隨時轉換為已知款額之現金及由收購時起計三個月內期滿之投資，並扣除須於墊款日期起計三個月內償還之銀行墊款。

3. 營業額

4. OPERATING PROFIT (LOSS) FROM CONTINUING OPERATIONS EXCLUDING EXCEPTIONAL ITEMS

4. 未計特殊項目前之持續經營業務產生之經營溢利(虧損)

	1999 HK\$'000	1998 HK\$'000
Operating profit (loss) from continuing operations excluding exceptional items has been arrived at after charging:		
Interest on		
Bank loans and overdrafts wholly repayable within five years	816	2,418
Bank loans not wholly repayable within five years	-	355
Other borrowings wholly repayable within five years	644	653
Finance leases	46	62
Less: interest capitalised	(816)	(3,279)
	690	209
Auditors' remuneration		
- Current year	848	700
- Underprovision in prior year	112	-
Depreciation		
Owned assets	591	879
Assets held under finance leases	186	249
Loss on disposal of fixed assets	-	138
Net foreign exchange loss	-	3,109
Operating lease rentals in respect of rented premises	1,312	1,664
Provision for bad debts	3,863	4,471
Provision for other receivable	2,400	-
Provision for short term listed investments	8,482	21,184
Retirement benefit scheme contributions, net of forfeited contributions of HK\$18,000 (1998: HK\$Nil)	513	203
and after crediting:		
Dividend income from investments	919	1,366
Gain on disposal of fixed assets	2,584	-
Interest income from outsiders	17,010	20,801
Interest income from associated companies (note 13)	11,977	-
Less: interest capitalised	-	(94)
	28,987	20,707
Net foreign exchange gain	1,778	-
Net rental income from investment properties	1,432	2,314
Profit on disposal of other investments	774	9,897

5. EXCEPTIONAL ITEMS

		1999 HK\$'000	1998 HK\$'000
Exceptional items comprise:	特殊項目包括:		
Reversal of provision for loan to an associated company	聯營公司之貸款撥備撥回	61,197	-
Permanent diminution in value of goodwill	商譽永久減值	(31,648)	(30,000)
Provision for diminution in value on properties under development for sale	待售之發展中物業減值撥備	(11,969)	(10,196)
Gain on disposal of interest in a subsidiary and associated companies	出售一家附屬公司及聯營公司權益之收益	6,807	-
Deficit on revaluation of investment properties	投資物業重估虧蝕	(4,520)	(10,647)
Gain on deemed disposal of interest in an associated company	被視為出售一家聯營公司權益之收益	2,286	-
Provision for loan to an associated company	聯營公司之貸款撥備	-	(61,197)
Loss arising on termination of equity derivative instrument contracts	終止投資衍生工具合約之虧損	-	(14,832)
		<u>22,153</u>	<u>(126,872)</u>

6. DIRECTORS' EMOLUMENTS

		1999 HK\$'000	1998 HK\$'000
Fees:	董事袍金:		
Executive directors	執行董事	-	-
Independent non-executive directors	獨立非執行董事	480	80
Other non-executive directors	其他非執行董事	240	40
Other emoluments (executive directors):	其他酬金(執行董事):		
Salaries and other benefits	薪金及其他福利	27,739	14,608
Retirement benefits scheme contribution	退休金計劃供款	-	-
Other emoluments (other non-executive directors):	其他酬金(其他非執行董事):		
Salaries and other benefits	薪金及其他福利	-	323
		<u>28,459</u>	<u>15,051</u>

In addition to the above, certain directors of the Company were granted share options of the Company, details of which are set out in note 23.

5. 特殊項目

6. 董事酬金

除上述者外,本公司若干董事獲授本公司之認股期權,詳情載於附註23。

6. DIRECTORS' EMOLUMENTS – continued

Emoluments of the directors are within the following bands:

		1999 Number of directors 董事人數	1998 Number of directors 董事人數
HK\$nil up to HK\$1,000,000	零至1,000,000港元	8	10
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	-	1
HK\$4,000,001 to HK\$4,500,000	4,000,001港元至4,500,000港元	1	-
HK\$12,000,001 to HK\$12,500,000	12,000,001港元至12,500,000港元	-	1
HK\$22,500,001 to HK\$23,000,000	22,500,001港元至23,000,000港元	1	-

7. EMPLOYEES' EMOLUMENTS

The six highest paid individuals included three directors (1998: four directors), details of whose emoluments are set out in note 6 above. The emoluments of the remaining three individuals (1998: two individuals) are as follows:

		1999 HK\$'000	1998 HK\$'000
Salaries and other benefits	薪金及其他福利	1,837	1,371
Retirement benefits scheme contribution	退休金計劃供款	92	50
		<u>1,929</u>	<u>1,421</u>

Emoluments of these employees are within the following bands:

		1999 Number of employees 僱員人數	1998 Number of employees 僱員人數
HK\$nil up to HK\$1,000,000	零至1,000,000港元	2	2
HK\$1,000,001 – HK\$1,500,000	1,000,001港元至1,500,000港元	1	-
		<u>3</u>	<u>2</u>

董事之酬金介乎下列幅度:

7. 僱員酬金

最高薪之六名僱員中包括三名董事(一九九八年:四名董事),其酬金詳情已載於上文附註6。其餘三名僱員(一九九八年:兩名)之酬金如下。

該等僱員之酬金介乎下列幅度:

8. TAXATION

	1999 HK\$'000	1998 HK\$'000
The (charge) credit comprises:		
The Company and subsidiaries:		
Hong Kong Special Administrative Region ("Hong Kong") Profits Tax	(1,555)	—
Deferred taxation	(64)	385
Share of taxation of associated companies	(2,634)	388
	<u>(4,253)</u>	<u>773</u>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the current year.

No provision for Hong Kong Profits Tax was made in the financial statements in 1998 as the Group incurred a loss in that year.

Details of deferred taxation are set out in note 25.

9. LOSS FOR THE YEAR

Of the Group's loss for the year of HK\$34,329,000 (1998: HK\$181,856,000), a loss of HK\$111,321,000 (1998: HK\$163,184,000) has been dealt with in the financial statements of the Company, and a loss of HK\$32,457,000 (1998: loss of HK\$29,060,000) is attributable to the associated companies.

10. LOSS PER SHARE

The calculation of loss per share is based on the loss for the year of HK\$34,329,000 (1998: HK\$181,856,000) and on the weighted average number of 1,250,456,676 (1998: 1,034,336,845) ordinary shares in issue during the year.

No diluted loss per share is calculated as the effect of potential ordinary shares is anti-dilutive.

8. 稅項

(扣除) 計入稅項包括:

本公司及附屬公司:
香港特別行政區
("香港") 利得稅
遞延稅項
應佔聯營公司稅項

香港利得稅乃以本年度估計應課稅溢利按16%之稅率計算。

由於本年度本集團錄得虧損，故毋須於一九九八年財務報表內提撥香港利得稅準備。

遞延稅項之詳情載於附註25。

9. 本年度虧損

本集團本年度虧損為34,329,000港元(一九九八年:181,856,000港元)，其中111,321,000港元(一九九八年:163,184,000港元)之虧損已計入本公司之財務報表，而聯營公司應佔虧損為32,457,000港元(一九九八年:29,060,000港元)。

10. 每股虧損

每股虧損乃根據是年度之虧損34,329,000港元(一九九八年:181,856,000港元)及年內已發行普通股之加權平均數1,250,456,676股(一九九八年:1,034,336,845股)計算。

鑑於潛在普通股並無產生攤薄影響，故並無計算攤薄後之每股虧損。

11. FIXED ASSETS

11. 固定資產

投資物業	土地 及樓宇	租賃 物業裝修	傢俬、裝置 及汽車 Furniture, fixtures and motor vehicles	持有發展 之物業 Properties held for development	總額
Investment properties HK\$'000	Land and buildings HK\$'000	Leasehold improvement HK\$'000	HK\$'000	HK\$'000	Total HK\$'000
THE GROUP					
COST OR VALUATION					
At April 1, 1998					
Exchange realignment	(1)	—	—	(1)	(2)
Additions	—	1,552	28	28	1,608
Acquisition of subsidiaries	2,686	17,435	—	4,516	24,637
Disposals	—	—	—	(408)	(408)
Deficit on revaluation	(4,520)	—	—	—	(4,520)
At March 31, 1999	23,460	18,987	1,474	6,449	54,622
Comprising:					
At cost	—	18,987	1,474	6,449	26,986
At professional valuations					
– 1999	23,460	—	—	—	23,460
– 1995	—	—	—	4,176	4,176
	23,460	18,987	1,474	6,449	54,622
DEPRECIATION					
At April 1, 1998					
Provided for the year	—	—	482	992	1,474
Acquisition of subsidiaries	—	—	—	283	283
Eliminated on disposals	—	—	—	(285)	(285)
At March 31, 1999	—	—	976	4,633	5,609
NET BOOK VALUES					
At March 31, 1999	23,460	18,987	498	1,816	49,013
At March 31, 1998	25,295	—	964	1,321	31,833

本集團

成本或估值

於一九九八年

四月一日

外匯調整

添置

收購附屬公司

出售

重估虧損

於一九九九年

三月三十一日

包括:

成本值

專業估值

—一九九九年

—一九九五年

折舊

於一九九八年

四月一日

本年度撥備

收購附屬公司

出售後撥除

於一九九九年

三月三十一日

賬面淨值

於一九九九年

三月三十一日

於一九九八年

三月三十一日

11. FIXED ASSETS – continued

The net book value of properties shown above comprises:

	投資物業		土地及樓宇		持作發展之物業		總額
	Investment properties		Land and buildings		Properties held for development		
	1999 HK\$'000	1998 HK\$'000	1999 HK\$'000	1998 HK\$'000	1999 HK\$'000	1998 HK\$'000	
Long lease in Hong Kong	14,200	19,300	-	-	-	76	
Medium-term leases in Hong Kong	2,686*	-	17,435	-	76	-	
Freehold outside Hong Kong	6,574	5,995	1,552	-	4,176	4,177	
	<u>23,460</u>	<u>25,295</u>	<u>18,987</u>	<u>-</u>	<u>4,252</u>	<u>4,253</u>	

* Through the acquisition of subsidiaries as at March 31, 1999.

The investment properties of the Group at SUP Tower located at No.4 Mercury Street, Nos.75-83 King's Road, North Point, Hong Kong were revalued at March 31, 1999 on an open market value existing use basis by Messrs. Sallmanns (Far East) Limited, a firm of professional valuers, at a value of HK\$14,200,000. A deficit arising on revaluation of HK\$5,100,000 is charged to the profit and loss account.

The investment properties of the Group at Retail Strip Shopping Centre located at Northeast Corner of Tustin Avenue and Katella Avenue, Orange City, Orange County, California, U.S.A. were revalued at March 31, 1999 on an open market value basis by The Westport Company at a value of HK\$6,574,000 (US\$850,000). A surplus arising on revaluation of HK\$580,000 (US\$75,000) is credited to the profit and loss account.

The Group's investment properties are held for rental purposes under operating leases.

The properties held for development of the Group mainly consist of several parcels of vacant freehold land at the City of Desert Hot Springs, Riverside County, California, U.S.A. They were revalued at March 31, 1995 on an open market value basis by Amy J. Wood/Clem Demus at a value of approximately HK\$4,177,000 (US\$540,000). Had the land and buildings not been revalued and carried at cost, the carrying value of the land and buildings would have been stated at approximately HK\$6,877,000 (1998: HK\$6,878,000).

11. 固定資產 – 續

以上物業之賬面淨值包括：

	投資物業		土地及樓宇		持作發展之物業		總額
	Investment properties		Land and buildings		Properties held for development		
	1999 HK\$'000	1998 HK\$'000	1999 HK\$'000	1998 HK\$'000	1999 HK\$'000	1998 HK\$'000	
Long lease in Hong Kong	14,200	19,300	-	-	-	76	
Medium-term leases in Hong Kong	2,686*	-	17,435	-	76	-	
Freehold outside Hong Kong	6,574	5,995	1,552	-	4,176	4,177	
	<u>23,460</u>	<u>25,295</u>	<u>18,987</u>	<u>-</u>	<u>4,252</u>	<u>4,253</u>	

* 於一九九九年三月三十一日透過收購附屬公司所持有。

本集團持有位於香港北角英皇道75-83號水星街4號聯合出版大廈之投資物業於一九九九年三月三十一日，由專業估值師西門(遠東)有限公司按現況下公開市值基準進行重估，其估值為14,200,000港元。重估虧蝕為5,100,000港元，已撥入損益賬。

本集團持有位於美國加里福尼亞州奧蘭治鎮Tustin Avenue與Katella Avenue東北角之Retail Strip購物中心之投資物業於一九九九年三月三十一日由The Westport Company按公開市值基準進行重估，其估值為6,574,000港元(850,000美元)。重估盈餘為580,000港元(75,000美元)，已計入損益賬內。

本集團之投資物業均根據經營租賃而持作出租用途。

本集團持作發展之物業主要包括位於美國加里福尼亞州City of Desert Hot Springs, Riverside County之幾幅空置永久業權土地。該等物業於一九九五年三月三十一日由Amy J. Wood/Clem Demus按公開市值基準進行重估，其估值約為4,177,000港元(540,000美元)。倘土地及樓宇並無經重估且按成本值入賬，其賬面淨值將約為6,877,000港元(一九九八年：6,878,000港元)。

11. FIXED ASSETS – continued

	THE COMPANY COST	租賃物業裝修	傢俬、裝置及汽車	總額
		Leasehold improvement HK\$'000	Furniture, fixtures and motor vehicles HK\$'000	
At April 1, 1998	本公司 成本值			
Additions	於一九九八年四月一日 添置	1,446	2,238	3,684
Disposals	出售	-	28	28
			(362)	(362)
At March 31, 1999	於一九九九年三月三十一日	<u>1,446</u>	<u>1,904</u>	<u>3,350</u>
DEPRECIATION	折舊			
At April 1, 1998	於一九九八年四月一日	482	968	1,450
Provided for the year	本年度撥備	482	280	762
Eliminated on disposals	出售後撇除	-	(275)	(275)
At March 31, 1999	於一九九九年三月三十一日	<u>964</u>	<u>973</u>	<u>1,937</u>
NET BOOK VALUES	賬面淨值			
At March 31, 1999	於一九九九年三月三十一日	<u>482</u>	<u>931</u>	<u>1,413</u>
At March 31, 1998	於一九九八年三月三十一日	<u>964</u>	<u>1,270</u>	<u>2,234</u>

At March 31, 1998, the net book values of fixed assets of the Group and the Company included an amount of HK\$746,000 in respect of assets held under finance leases. The corresponding obligations has been repaid in full during the year.

於一九九八年三月三十一日，本集團及本公司之固定資產賬面淨值內包括以財務租賃持有之資產總值746,000港元。有關債務已於年內全數償還。

12. INTERESTS IN SUBSIDIARIES

	THE COMPANY	本公司	
		1999 HK\$'000	1998 HK\$'000
Unlisted shares, at cost	非上市股份，按成本值	95,227	95,627
Amounts due from subsidiaries	附屬公司欠款	553,964	526,992
		<u>649,191</u>	<u>622,619</u>
Less: Provision for amounts due from subsidiaries	減：附屬公司欠款撥備	(345,353)	(255,353)
		<u>303,838</u>	<u>367,266</u>

Particulars of subsidiaries at March 31, 1999 are set out in note 40.

附屬公司於一九九九年三月三十一日之概要載於附註40。

13. INTERESTS IN ASSOCIATED COMPANIES

13. 於聯營公司之權益

	本集團 THE GROUP		本公司 THE COMPANY	
	1999 HK\$'000	1998 HK\$'000	1999 HK\$'000	1998 HK\$'000
Unlisted shares, at cost	–	–	5,869	5,385
Share of net (liabilities) assets	(4,862)	706	–	–
Investment in convertible loan notes (note a)	61,872	30,932	–	–
Loan to associated company (note b)	–	61,197	–	–
Amounts due from associated companies (note c)	193	4,390	52	144
	57,203	97,225	5,921	5,529
Less: Provision for loan to an associated company	–	(61,197)	–	–
	57,203	36,028	5,921	5,529
Amounts due to associated companies	(1,687)	(1,409)	(1,364)	(1,364)
	55,516	34,619	4,557	4,165

Notes:

附註:

(a) The convertible loan notes of HK\$61,872,000 (1998: HK\$30,932,000) were issued by Fronteer Financial Holdings, Limited ("Fronteer USA"), an associated company of the Group listed in the United States of America (the "USA"). Interest is payable at a rate of 10% per annum. The whole or any part of the loan note can be converted into ordinary shares of Fronteer USA at the option of the Group until December 15, 2007 at the rate of conversion of one US\$0.10 nominal of ordinary share capital for every US\$0.53125 of the loan note. Any outstanding non-converted loan note amount will be redeemed by Fronteer USA at par on December 15, 2007.

(a) 61,872,000港元(一九九八年: 30,932,000港元)之可換股貸款票據乃於美利堅合眾國(「美國」)上市之本集團聯營公司Fronteer Financial Holdings, Limited(「Fronteer USA」)所發行,並按年利10%計息。本集團可選擇於二零零七年十二月十五日前將全部或部分貸款票據轉換為Fronteer USA普通股,按每張貸款票據0.53125美元之價格轉換為一股普通股,而每股之面值為0.10美元。Fronteer USA將於二零零七年十二月十五日按面值贖回任何未獲轉換之可換股貸款票據。

(b) Last year, the Group committed to provide loan facilities to Fronteer International Holdings Limited ("Fronteer HK"), formerly known as Iwai's International Holdings Limited, an associated company of the Group listed in Hong Kong, up to an amount of HK\$150,000,000. During the year, an amount of HK\$13,803,000 was further utilised by Fronteer HK. The loan was unsecured, interest bearing at prevailing market rates and had no fixed repayment term.

(b) 去年,本集團承諾向本集團一家於香港上市之聯營公司恒進國際集團有限公司(「恒進」)(前稱岩井國際控股有限公司)提供最高達150,000,000港元之貸款信貸。年內,恒進再動用13,803,000港元。該筆貸款為無抵押,按當時市場利率計息及無固定還款期。

At March 31, 1999, such balance of loan was applied for the acquisition of 50,000,000 ordinary shares and HK\$68,500,000 preference shares of Fronteer HK. Following the acquisition of shares, the Group holds a 55.86% interest in the issued ordinary share capital and the entire interest in the issued preference share capital of Fronteer HK. On the same date, Fronteer HK became a subsidiary of the Company.

於一九九九年三月三十一日,該筆貸款餘額已用作購入恒進50,000,000股普通股及價值68,500,000港元之優先股。於購入股份後,本集團持有恒進已發行普通股股本55.86%權益及恒進已發行優先股本全部權益。同日,恒進成為本公司全資附屬公司。

13. INTERESTS IN ASSOCIATED COMPANIES – continued

13. 於聯營公司之權益 – 續

Notes:

附註:

(c) The amounts are unsecured, interest free and have no fixed repayment terms.

(c) 此筆款項乃無抵押、免息及無固定還款期。

Particulars of the principal associated companies at March 31, 1999 are set out in note 41.

於一九九九年三月三十一日主要聯營公司之概要載於附註41。

Extracts of the operating results and financial position of the following companies, which are based on the audited financial statements of Fronteer HK and the unaudited management accounts of Fronteer USA, respectively, are as follows:

根據恒進經審核財務報表及Fronteer USA未經審核管理賬目,下列公司之經營業績及財務情況簡列如下:

	恒進 截至三月 三十一日止年度 Fronteer HK For the year ended March 31, 1999		Fronteer USA 截至三月 三十一日止年度 Fronteer USA For the year ended March 31, 1998	
	1999 HK\$'000	1998 HK\$'000	1999 HK\$'000	1998 HK\$'000
Operating results:	經營業績:			
Turnover	15,517	73,251	242,278	54,262
Depreciation and amortisation	3,358	10,426	3,243	706
Operating loss from continuing operations excluding exceptional item	(25,752)	(78,921)	(46,455)	(13,761)
Loss before taxation attributable to the Group	(12,653)	(25,350)	(17,170)	(3,826)
	於三月三十一日 At March 31, 1999		於三月三十一日 At March 31, 1998	
Financial position:	財務情況:			
Current assets	7,939	27,909	68,957	67,345
Long term assets	20,994	28,662	76,535	20,494
Current liabilities	(5,488)	(79,833)	(42,140)	(22,822)
Long term liabilities	–	–	(122,710)	(47,234)
Minority interests	–	–	(10,059)	(2,072)
Balance (deficiency) of shareholders' funds	23,445	(23,262)	(29,417)	15,711
Balance (deficiency) of shareholders' funds attributable to the Group (Note)	–	(10,399)	(10,873)	4,368

Note:

附註:

At March 31, 1999, Fronteer HK has become a subsidiary of the Company.

於一九九九年三月三十一日,恒進已成為本公司之附屬公司。

14. PROPERTIES UNDER DEVELOPMENT FOR SALE

		本集團 THE GROUP	
		1999 HK\$'000	1998 HK\$'000
Long lease in Hong Kong	香港長期租約	28,400	35,000
Medium-term lease in Hong Kong	香港中期租約	22,000	26,500
		<u>50,400</u>	<u>61,500</u>

Included in properties under development for sale is net interest capitalised of HK\$6,724,000 (1998: HK\$5,908,000).

14. 待售之發展中物業

待售之發展中物業包括撥作資本之利息淨額6,724,000港元(一九九八年:5,908,000港元)。

15. OTHER INVESTMENTS

		本集團 THE GROUP		本公司 THE COMPANY	
		1999 HK\$'000	1998 HK\$'000	1999 HK\$'000	1998 HK\$'000
At cost:	按成本值:				
Convertible loan notes (note a)	可換股貸款票據 (附註a)	63,483	59,600	-	40,000
Listed shares in overseas	海外之上市股份	130	130	130	130
Unlisted shares (note b)	非上市股份(附註b)	370	370	-	-
		<u>63,983</u>	<u>60,100</u>	<u>130</u>	<u>40,130</u>
Less: Provision	減:撥備	(500)	(370)	(130)	-
		<u>63,483</u>	<u>59,730</u>	<u>-</u>	<u>40,130</u>
Less: Convertible loan notes due within one year shown under current liabilities (note 17)	減:一年內到期而列作流動負債之可換股貸款票據(附註17)	13,483	-	-	-
		<u>50,000</u>	<u>59,730</u>	<u>-</u>	<u>40,130</u>
Market value of listed shares	上市股份之市值	-	7	-	7

15. 其他投資

15. OTHER INVESTMENTS – continued

Notes:

(a) Convertible loan notes

THE GROUP

Particulars of the convertible loan notes at March 31, 1999 are as follows:

發行人名稱 Name of issuer	到期日 Maturity date	面值利率(每年) Interest rate on face value (per annum)	成本 Cost HK\$'000
Anex International Holdings Limited 安歷士國際控股有限公司	8.19.2000	7%	40,000
Wah Nam Group Limited 華南集團有限公司	7.21.2000	10.5%	10,000
Wang On Group Limited 宏安集團有限公司	12.01.1999	7.5%	4,600
Yoshiya International Corporation Limited 慶屋國際有限公司	11.03.1999	7%	5,000
Global Med Technologies, Inc.	4.15.1999 (See notes 38(b) and 39(a)) (見附註38(b)及39(a))	12%	3,883
			<u>63,483</u>

(b) Unlisted shares

THE GROUP

Particulars of other investments at March 31, 1999 are as follows:

公司名稱 Name of company	註冊成立/ 經營地點 Place of incorporation/ operation	本公司間接持有 已發行股本之 面值百分比 Proportion of nominal value of issued capital indirectly held by the Company %	主要業務 Principal activities
Appreview (M) Sdn. Bhd.	Malaysia 馬來西亞	49	Property development 物業發展
Styler Sdn. Bhd.	Malaysia 馬來西亞	40	Property development 物業發展
Misan Sdn. Bhd.	Malaysia 馬來西亞	40	Inactive 不活躍

附註:

(a) 可換股貸款票據

本集團

於一九九九年三月三十一日之可換股貸款票據概要如下:

(b) 非上市股份

本集團

於一九九九年三月三十一日之其他投資詳情如下:

15. OTHER INVESTMENTS – continued

There is a dispute between the Group and the majority shareholder of the Group's three former Malaysian associated companies, Appreview (M) Sdn. Bhd. ("Appreview"), Styler Sdn. Bhd. ("Styler") and Misan Sdn. Bhd. ("Misan") in previous years. As a result, the Group is unable to participate in the management of Appreview, Styler and Misan.

On that basis, the Group no longer considers itself in a position to exercise significant influence over Appreview, Styler and Misan. Accordingly, the interests in Appreview, Styler and Misan have been reclassified to other investments.

16. OTHER RECEIVABLES

	本集團		本公司	
	THE GROUP		THE COMPANY	
	1999	1998	1999	1998
	HKS'000	HKS'000	HKS'000	HKS'000
Term loans	35,600	45,000	-	-
Mortgage loans	3,996	5,785	-	-
Others	-	1,000	-	1,000
	39,596	51,785	-	1,000
Less: Amount due within one year shown under current assets (note 17)	(36,114)	(45,930)	-	(700)
Amount due after one year	3,482	5,855	-	300

The term loans are secured, bear interest at 1% over prime rates and are repayable within one year.

The mortgage loans bear interest at 0.5% over prime rates and are repayable by instalments and the last of which are falling due within the period from 2005 to 2013. The loans are secured by mortgages over the corresponding properties.

The remaining balance is unsecured, non-interest bearing and is repayable by instalments within one year.

15. 其他投資 – 續

本集團於往年與本集團三家前馬來西亞聯營公司 Appreview (M) Sdn. Bhd. (「Appreview」)、Styler Sdn. Bhd. (「Styler」) 及 Misan Sdn. Bhd. (「Misan」) 之主要股東出現糾紛。因此，本集團無法參與管理 Appreview、Styler 及 Misan。

按此基準，本集團不再認為其對 Appreview、Styler 及 Misan 有重大影響力。因此，Appreview、Styler 及 Misan 之權益已轉撥入其他投資。

16. 其他應收賬款

	本集團		本公司	
	THE GROUP		THE COMPANY	
	1999	1998	1999	1998
	HKS'000	HKS'000	HKS'000	HKS'000
定期貸款	35,600	45,000	-	-
按揭貸款	3,996	5,785	-	-
其他	-	1,000	-	1,000
	39,596	51,785	-	1,000
減：流動資產項目下之一年內收回之欠款 (附註17)	(36,114)	(45,930)	-	(700)
一年後欠款	3,482	5,855	-	300

定期貸款乃有抵押，按優惠利率加1厘計算，並須於一年內償還。

按揭貸款按優惠利率加0.5厘計算，須分期償還，並於二零零五至二零一三年間屆滿。該筆貸款乃以有關物業作抵押。

餘額為無抵押、免息，並須於一年內分期償還。

17. NET CURRENT ASSETS

	本集團		本公司	
	1999	1998	1999	1998
	HKS'000	HKS'000	HKS'000	HKS'000
CURRENT ASSETS				
Inventories	1,050	5	5	5
Properties held for sale (note 19)	79	79	79	79
Debtors, deposits and prepayments (note 18)	22,056	22,554	13,352	6,496
Other receivables (note 16)	36,114	45,930	-	700
Investment in convertible loan notes – due within one year (note 15)	13,483	-	-	-
Short term listed investments (note 20)	16,490	31,921	-	-
Tax recoverable	88	6	-	-
Bank balances and cash	82,615	140,571	35,382	69,726
	171,975	241,066	48,818	77,006
CURRENT LIABILITIES				
Creditors and accrued charges	13,177	9,114	4,476	3,518
Bills payable	145	-	-	-
Trust receipt loans (secured)	273	-	-	-
Amounts due to subsidiaries	-	-	-	21,787
Notes payable (secured) (note 26)	7,091	111	-	-
Obligations under finance leases	-	325	-	325
Taxation	1,262	-	-	-
Bank loans (note 27)	-	20,000	-	-
	21,948	29,550	4,476	25,630
NET CURRENT ASSETS	150,027	211,516	44,342	51,376

18. DEBTORS, DEPOSITS AND PREPAYMENTS

Included in the balances of debtors, deposits and prepayments and short term listed investments at March 31, 1999, amounts of approximately HK\$157,000 and HK\$nil (1998: HK\$7,210,000 and HK\$11,200,000) respectively, were held under the custody of the liquidators upon the liquidation of an investment firm. After the consultation with the legal advisers of the Company, the directors considered that there is no recoverability problem for these amounts.

17. 流動資產淨值

	本集團		本公司	
	1999	1998	1999	1998
	HKS'000	HKS'000	HKS'000	HKS'000
CURRENT ASSETS				
存貨	1,050	5	5	5
待出售物業 (附註19)	79	79	79	79
應收賬款、按金及預付款項 (附註18)	22,056	22,554	13,352	6,496
其他應收款項 (附註16)	36,114	45,930	-	700
一年內到期可換取貸款票據投資 (附註15)	13,483	-	-	-
短期上市投資 (附註20)	16,490	31,921	-	-
可收回稅項	88	6	-	-
銀行結餘及現金	82,615	140,571	35,382	69,726
	171,975	241,066	48,818	77,006
CURRENT LIABILITIES				
應付賬款及應計費用	13,177	9,114	4,476	3,518
應付票據	145	-	-	-
信託收據貸款 (有抵押)	273	-	-	-
欠附屬公司款項	-	-	-	21,787
應付票據 (有抵押) (附註26)	7,091	111	-	-
財務租賃承擔	-	325	-	325
稅項	1,262	-	-	-
銀行貸款 (附註27)	-	20,000	-	-
	21,948	29,550	4,476	25,630
NET CURRENT ASSETS	150,027	211,516	44,342	51,376

18. 應收賬款、按金及預付款項

於一九九九年三月三十一日之應收賬款、按金及預付款項與及短期上市投資結餘中，其中分別約157,000港元及零港元 (一九九八年：7,210,000港元及11,200,000港元) 乃因一投資公司清盤而由清盤人託管。經諮詢本公司之法律顧問後，董事認為收回該筆款項並無問題。

NOTES TO THE FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED MARCH 31, 1999

19. PROPERTIES HELD FOR SALE

The properties held for sale are situated in Hong Kong and held under medium-term leases.

20. SHORT TERM LISTED INVESTMENTS

Listed shares at cost, less provision
Hong Kong
Overseas

上市股份按成本值減撥備
香港
海外

本集團 THE GROUP	
1999	1998
HK\$'000	HK\$'000
14,583	29,842
1,907	2,079
<u>16,490</u>	<u>31,921</u>
Market value of listed shares	上市股份之市值
<u>16,516</u>	<u>32,124</u>

21. SHARE CAPITAL

Authorised:
Ordinary shares of HK\$0.25 each

法定：
每股面值0.25港元之普通股

2,000,000,000

500,000

Issued and fully paid:
At beginning of the year
Exercise of warrant

已發行及繳足股本：
年初
行使認股權證

1,250,456,675

312,614

1

-

At end of the year

年終

1,250,456,676

312,614

On July 28, 1998, one share was allotted by the exercise of warrant.

於一九九八年七月二十八日，因行使認股權證而配發一股股份。

財務報表附註－續
截至一九九九年三月三十一日止年度

19. 待出售物業

待出售物業位於香港，乃按中期租約持有。

20. 短期上市投資

本集團 THE GROUP	
1999	1998
HK\$'000	HK\$'000
14,583	29,842
1,907	2,079
<u>16,490</u>	<u>31,921</u>
Market value of listed shares	上市股份之市值
<u>16,516</u>	<u>32,124</u>

21. 股本

Number
of shares

Value
HK\$'000

Authorised:
Ordinary shares of HK\$0.25 each

法定：
每股面值0.25港元之普通股

2,000,000,000

500,000

Issued and fully paid:
At beginning of the year
Exercise of warrant

已發行及繳足股本：
年初
行使認股權證

1,250,456,675

312,614

1

-

At end of the year

年終

1,250,456,676

312,614

On July 28, 1998, one share was allotted by the exercise of warrant.

於一九九八年七月二十八日，因行使認股權證而配發一股股份。

NOTES TO THE FINANCIAL STATEMENTS – continued
FOR THE YEAR ENDED MARCH 31, 1999

22. WARRANTS

On July 9, 1997, a bonus issue of warrants was made on the basis of one warrant for every five shares held on July 7, 1997. Each warrant entitles the holder to subscribe in cash at an initial subscription price of HK\$0.48 each for one ordinary share of the Company at any time from the date of issue to July 31, 1998. Exercise in full of such warrants would raise approximately HK\$80,024,000 and, with the capital structure of the Company at the time of issue these warrants, result in the issue of 166,715,662 additional ordinary shares of HK\$0.25 each. On July 25, 1997, the subscription price of these warrant was adjusted to HK\$0.47 due to the placing of 166,700,000 new shares at a price of HK\$0.90 per share. On October 16, 1997, the exercise price was further adjusted from HK\$0.47 to HK\$0.46 due to the placing of 250,000,000 shares at HK\$0.70 per share. Details of the movements of these warrants in the year ended March 31, 1999 are as follows:

發行日期 Date of issue	認購價 Subscription price HK\$	認購期限 Subscription period	認股權證數目 Number of warrants			
			於一九九八年 四月一日 尚未行使 Outstanding at 4.1.1998	年內已認購 Subscribed during the year	年內已屆滿 Expired during the year	一九九九年 三月三十一日 尚未行使 Outstanding at 3.31.1999
7.9.1997	0.46	7.9.1997 to 至 7.31.1998	166,537,297	(1)	(166,537,296)	-

財務報表附註－續
截至一九九九年三月三十一日止年度

22. 認股權證

本公司於一九九七年七月九日發行紅利認股權證，基準為於一九九七年七月七日每持有五股股份獲派送一份認股權證。每份認股權證之持有人有權於發行當日起至一九九八年七月三十一日止任何時間內，按每股0.48港元之初步認購價以現金認購一股本公司普通股。全面行使該等認股權證，將令本公司於發行該等認股權證時之資金基礎增加約80,024,000港元，並導致額外發行每股面值0.25港元之普通股166,715,662股。由於以每股0.90港元之價格配售166,700,000股新股，該等認股權證之認購價於一九九七年七月二十五日調整為0.47港元。一九九七年十月十六日，由於以每股0.70港元之價格配售250,000,000股股份，行使價進一步由0.47港元調整至0.46港元。該等認股權證於截至一九九九年三月三十一日止年度之變動詳情如下：

發行日期 Date of issue	認購價 Subscription price HK\$	認購期限 Subscription period	認股權證數目 Number of warrants			
			於一九九八年 四月一日 尚未行使 Outstanding at 4.1.1998	年內已認購 Subscribed during the year	年內已屆滿 Expired during the year	一九九九年 三月三十一日 尚未行使 Outstanding at 3.31.1999
7.9.1997	0.46	7.9.1997 to 至 7.31.1998	166,537,297	(1)	(166,537,296)	-

23. SHARE OPTION SCHEME

Pursuant to the Company's share option scheme adopted on September 28, 1995, the Board of Directors of the Company may grant options to executive directors and employees of the Company and its subsidiaries to subscribe for ordinary shares in the Company, at a price not less than 80% of the average closing price of the Company's shares on the five trading days immediately preceding the offer of the options or the nominal value of the shares whichever is the higher. The maximum number of shares in respect of which options may be granted under such share option scheme is such number of shares which, when aggregated with shares subject to similar schemes, represents 10% of the issued share capital of the Company from time to time.

A summary of the share options outstanding at April 1, 1998 and March 31, 1999 is as follows:

授出日期 Date of grant	行使價 Exercise price HK\$	行使期 Exercisable period	認股期權數目 Number of option shares
4.22.1996	0.4025	4.22.1996 to至 4.21.2006	3,271,739
5.15.1997	0.4512	5.15.1997 to至 5.14.2007	17,750,000
10.26.1997	0.3064	10.26.1997 to至 10.25.2007	62,300,000
			<u>83,321,739</u>

No options was granted and exercised during the year.

The options granted were exercisable during the ten year period commencing after the date on which the options were accepted.

Consideration of HK\$1 was received by the Company from each of the option holders at the time that the options were accepted.

23. 認股期權計劃

根據本公司於一九九五年九月二十八日採納之認股期權計劃，本公司董事會可向本公司及其附屬公司之執行董事及職員授予可認購本公司普通股之認股期權。認購價為不少於本公司股份在緊接授出認股期權前五個交易日之平均收市價之80%或股份面值兩者中之較高價格。根據認股期權計劃授出之認股期權可認購之股份最高數量遠同其他類似認股期權計劃可認購股份數量合共佔本公司不時之已發行股本10%。

於一九九八年四月一日及一九九九年三月三十一日尚未行使之認股期權概要如下：

授出日期 Date of grant	行使價 Exercise price HK\$	行使期 Exercisable period	認股期權數目 Number of option shares
4.22.1996	0.4025	4.22.1996 to至 4.21.2006	3,271,739
5.15.1997	0.4512	5.15.1997 to至 5.14.2007	17,750,000
10.26.1997	0.3064	10.26.1997 to至 10.25.2007	62,300,000
			<u>83,321,739</u>

年內並無授出及行使任何認股期權。

所授出之認股期權可於接納認股期權當日起計十年內行使。

認股期權獲接納時，本公司已向每名認股期權持有人收取1港元之代價。

24. RESERVES

	股份溢價 Share premium HK\$'000	商譽儲備 Goodwill reserve HK\$'000	資本儲備 Capital reserve HK\$'000	換算儲備 Translation reserve HK\$'000	虧損 Deficit HK\$'000	總額 Total HK\$'000
THE GROUP						
At April 1, 1998						
Goodwill arising on acquisition of subsidiaries	366,478	(58,818)	(1,176)	14,835	(236,949)	84,370
Goodwill arising on acquisition of additional interest in associated companies	-	(30,318)	-	-	-	(30,318)
Permanent diminution in goodwill written off to profit and loss account	-	(7,546)	-	-	-	(7,546)
Realised upon disposal of associated companies	-	31,648	-	-	-	31,648
Share of movements of reserve of associated companies	-	-	2,655	-	-	2,655
Exchange realignment	-	-	-	(2,268)	-	(2,268)
Loss for the year	-	-	-	-	(34,329)	(34,329)
At March 31, 1999	366,478	(65,034)	1,479	12,434	(271,278)	44,079
Attributable to:						
Company and subsidiaries	366,478	(65,034)	(584)	12,398	(248,322)	64,936
Associated companies	-	-	2,063	36	(22,956)	(20,857)
	366,478	(65,034)	1,479	12,434	(271,278)	44,079

	股份溢價 Share premium HK\$'000	虧損 Deficit HK\$'000	總額 Total HK\$'000
THE COMPANY			
At April 1, 1998			
Loss for the year	366,478	(213,621)	152,857
	-	(111,321)	(111,321)
At March 31, 1999	366,478	(324,942)	41,536

The Company had no reserve available for distribution to shareholders at March 31, 1999.

本公司於一九九九年三月三十一日並無可分派予股東之儲備。

25. DEFERRED TAXATION

		本集團 THE GROUP	
		1999 HK\$'000	1998 HK\$'000
At beginning of the year	年初	843	1,228
Charge (credit) for the year (note 8)	本年度稅項扣除 (計入) (附註8)	64	(385)
At end of the year	年終	907	843

Deferred taxation represents provision for withholding tax on overseas interest income. The withholding tax is due to be paid upon remittance of the income from the respective jurisdictions.

The Group and the Company have a net deferred tax asset respectively which has not been recognised in the financial statements as realisation of this asset in the foreseeable future is uncertain. The details of the unprovided deferred tax asset (liability) are as follows:

		本集團 THE GROUP		本公司 THE COMPANY	
		1999 HK\$'000	1998 HK\$'000	1999 HK\$'000	1998 HK\$'000
Tax effect of timing differences because of:	因下列事項之時差而引起之稅務影響:				
Tax losses	稅項虧損	11,338	21,320	5,765	5,867
Excess of tax allowances over depreciation	免稅額超出折舊之差額	(88)	(73)	(88)	(456)
Net deferred tax asset	遞延稅項淨資產	11,250	21,247	5,677	5,411

The amount of unprovided deferred tax (credit) charge for the year is as follows:

		本集團 THE GROUP		本公司 THE COMPANY	
		1999 HK\$'000	1998 HK\$'000	1999 HK\$'000	1998 HK\$'000
Tax effect of timing differences because of:	因下列事項之時差而引起之稅務影響:				
Tax losses	稅項虧損	9,982	(1,990)	102	(487)
Excess of tax allowances over depreciation	免稅額超出折舊之差額	15	(35)	(368)	369
		9,997	(2,025)	(266)	(118)

25. 遞延稅項

		本集團 THE GROUP	
		1999 HK\$'000	1998 HK\$'000
At beginning of the year	年初	843	1,228
Charge (credit) for the year (note 8)	本年度稅項扣除 (計入) (附註8)	64	(385)
At end of the year	年終	907	843

遞延稅項指海外利息收入預扣稅項之撥備。該預扣稅項須在該項收入從有關司法區匯出時支付。

本集團及本公司各自之遞延稅項淨資產，因未能肯定此項資產會否在可見未來變現，故並無在財務報表中分別確認。未作撥備之遞延稅項資產 (負債) 詳情如下：

		本集團 THE GROUP		本公司 THE COMPANY	
		1999 HK\$'000	1998 HK\$'000	1999 HK\$'000	1998 HK\$'000
Tax effect of timing differences because of:	因下列事項之時差而引起之稅務影響:				
Tax losses	稅項虧損	11,338	21,320	5,765	5,867
Excess of tax allowances over depreciation	免稅額超出折舊之差額	(88)	(73)	(88)	(456)
Net deferred tax asset	遞延稅項淨資產	11,250	21,247	5,677	5,411

本年度未作撥備之遞延稅項 (計入) 支出如下：

		本集團 THE GROUP		本公司 THE COMPANY	
		1999 HK\$'000	1998 HK\$'000	1999 HK\$'000	1998 HK\$'000
Tax effect of timing differences because of:	因下列事項之時差而引起之稅務影響:				
Tax losses	稅項虧損	9,982	(1,990)	102	(487)
Excess of tax allowances over depreciation	免稅額超出折舊之差額	15	(35)	(368)	369
		9,997	(2,025)	(266)	(118)

25. DEFERRED TAXATION – continued

Deferred tax has not been provided on the valuation deficit arising on the revaluation of investment properties and properties held for development as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the valuation does not constitute a timing difference.

26. NOTES PAYABLE

The notes are repayable within the following period:

Within one year	一年內	7,091	111
More than one year but not exceeding two years	超過一年但少於兩年	–	7,091
		7,091	7,202

Less: Amount due within one year shown under current liabilities (note 17)

須於下列期間應償還之票據:

Within one year	一年內	7,091	111
More than one year but not exceeding two years	超過一年但少於兩年	–	7,091
		7,091	7,202

減：一年內到期而列作流動負債之款項 (附註17)

Amount due after one year

一年後到期之款項

Notes payable are secured by certain investment properties of the Group with a carrying value of HK\$6,574,000 (1998: HK\$5,995,000) and are repayable by instalments and bear interest at 9% per annum. The final instalment is due on January 1, 2000.

由於出售投資物業、持作發展之物業等資產所產生之溢利毋須繳稅，故並無就重估該等資產時產生之估值盈餘或虧損提撥遞延稅項撥備。因此，估值並不導致時差。

26. 應付票據

		本集團 THE GROUP	
		1999 HK\$'000	1998 HK\$'000
At beginning of the year	年初	843	1,228
Charge (credit) for the year (note 8)	本年度稅項扣除 (計入) (附註8)	64	(385)
At end of the year	年終	907	843

應付票據乃以本集團賬面值為6,574,000港元 (一九九八年: 5,995,000港元) 之若干投資物業作抵押，須分期償還及按年息9厘計息。最後一期之分期付款於二零零零年一月一日到期。

27. BANK LOANS

Bank loans (secured) was repayable within the following period:

Within one year	一年內	–	20,000
Less: Amount due within one year shown under current liabilities (note 17)	減：一年內到期而列作流動負債之款項 (附註17)	–	(20,000)
		–	–

Amount due after one year

須於下列期間償還之銀行貸款 (有抵押):

Within one year	一年內	–	20,000
Less: Amount due within one year shown under current liabilities (note 17)	減：一年內到期而列作流動負債之款項 (附註17)	–	(20,000)
		–	–

一年後到期之款項

27. 銀行貸款

		本集團 THE GROUP	
		1999 HK\$'000	1998 HK\$'000
At beginning of the year	年初	–	20,000
Charge (credit) for the year (note 8)	本年度稅項扣除 (計入) (附註8)	–	(20,000)
At end of the year	年終	–	–

28. RECONCILIATION OF LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

28. 除稅前日常業務虧損與經營業務之現金流出淨額之對賬

	1999 HK\$'000	1998 HK\$'000
Loss from ordinary activities before taxation	(29,373)	(184,800)
Share of results of associated companies	29,823	29,448
Dividend income	(919)	(1,366)
Interest income	(28,987)	(20,707)
Interest expenses	690	209
Guarantee fee received from an associated company	(483)	-
Provision for other investments	130	-
Provision for other receivable	2,400	-
Gain on deemed disposal of interest in an associated company	(2,286)	-
Gain on disposal of fixed assets	(2,584)	-
Gain on disposal of interests in a subsidiary and associated companies	(6,807)	-
Loss on disposal of interests in subsidiaries	-	76
Profit on disposal of other investments	(774)	(9,897)
Loss on disposal of fixed assets	-	138
Provision for diminution in value on properties under development for sale	11,969	10,196
Deficit on revaluation of investment properties	4,520	10,647
Provision for loan to an associated company	-	61,197
Reversal of provision for loan to an associated company	(61,197)	-
Permanent diminution in value of goodwill	31,648	30,000
Depreciation	777	1,128
Decrease (increase) in term loans receivable	9,400	(45,000)
Decrease (increase) in short term listed investments	16,240	(10,300)
Decrease in inventories	-	556
Increase in properties under development for sale	(53)	(803)
Decrease in debtors, deposits and prepayments	9,290	639
Decrease in amount receivable from a minority shareholder of a subsidiary	-	57
(Decrease) increase in creditors and accrued charges	(1,031)	4,563
Exchange realignment	(2,266)	-
Net cash outflow from operating activities	(19,873)	(124,019)

29. MAJOR NON CASH TRANSACTION

Net proceeds amounted to HK\$2,707,000 arising on disposal of fixed assets to Fronteer USA were settled in form of 350,000 shares of common stock issued by Fronteer USA. Details of these transactions are set out in note 38(c).

29. 主要非現金交易

出售固定資產予Fronteer USA產生之收益淨額2,707,000港元，乃以Fronteer USA發行350,000股普通股之方式清還。有關該等交易之詳情載於附註38(c)。

30. PURCHASE OF SUBSIDIARIES

30. 收購附屬公司

	1999 HK\$'000	1998 HK\$'000
Net asset acquired:		
Fixed assets	20,994	-
Inventories	1,045	-
Debtors, deposits and prepayments	537	-
Short term listed investments	809	-
Bank deposits pledged	2,088	-
Bank balances and cash	3,460	-
Creditors and accrued charges	(5,070)	-
Bills payable	(145)	-
Trust receipt loans, secured	(273)	-
Goodwill arising on acquisition	30,318	-
	<u>53,763</u>	<u>-</u>
Satisfied by:		
Carrying value of interest in an associated company	(21,237)	-
Offset of amount due from an associated company	75,000	-
	<u>53,763</u>	<u>-</u>
Analysis of net inflow of cash and cash equivalents in connection with the purchase of subsidiaries:		
Bank balances and cash acquired	3,460	-
	<u>3,460</u>	<u>-</u>

The subsidiaries acquired did not have any other contribution to the cash flows and results of the Group.

收購附屬公司對本集團之流動現金及業績並無任何其他貢獻。

31. DISPOSAL OF SUBSIDIARIES

31. 出售附屬公司

		1999 HK\$'000	1998 HK\$'000
Net (liabilities) assets disposed of:	出售(負債)資產淨值:		
Fixed assets	固定資產	-	8,991
Interest in associated companies	於聯營公司之權益	727	-
Inventories	存貨	-	1,936
Debtors, deposits and prepayments	應收賬款·按金及預付款項	1,804	2,530
Amount due from a fellow subsidiary	一家同集團附屬公司之欠款	44	-
Bank balances and cash	銀行結餘及現金	830	3,049
Creditors and accrued charges	應付賬款及應計費用	(20)	(9,158)
Amount due to ultimate holding company	結欠最終控股公司之款項	(10,059)	-
Amount due to a minority shareholder of a subsidiary	結欠一家附屬公司少數股東之款項	-	(91)
Bank loans	銀行貸款	-	(3,742)
Minority interests	少數股東權益	-	(1,269)
Exchange reserve realised upon disposal of associated companies	出售一家聯營公司時變現之匯兌儲備	(133)	-
		(6,807)	2,246
Gain (loss) on disposal of subsidiaries and associated companies	出售附屬公司及聯營公司之收益(虧損)	6,807	(76)
		-	2,170
Satisfied by:	以下列方式支付:		
Analysis of the net outflow of cash and cash equivalents in connection with the disposal of subsidiaries:	就出售附屬公司之現金流出淨額及現金等值項目之分析:		
Transfer to interest in associated companies	轉撥至聯營公司權益	-	1,170
Other receivables	其他應收賬款	-	1,000
		-	2,170
Analysis of outflow of cash and cash equivalents in connection with the disposal of subsidiaries:	就出售附屬公司之現金流出及現金等值項目之分析:		
		1999 HK\$'000	1998 HK\$'000
Bank balances and cash disposed of	銀行結餘及出售附屬公司之現金	(830)	(3,049)

The subsidiaries disposed of during the year did not significantly contribute to the operating results of the Group before their disposal, nor did they have significant impact on the cash flows of the Group for the year.

年內出售之附屬公司於出售前對本集團之經營業績並無重大貢獻，亦對本集團年內之流動現金無重大影響。

32. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

32. 本年度融資變動分析

		財務租賃 承擔 Obligations under finance leases HK\$'000	應付票據 Notes payable HK\$'000	銀行貸款 Bank loans HK\$'000
Balance at April 1, 1998	於一九九八年四月一日之結餘	325	7,202	20,000
Repayments during the year	本年度償還之款項	(325)	(111)	(20,000)
Balance at March 31, 1999	於一九九九年三月三十一日之結餘	-	7,091	-

33. CONTINGENT LIABILITIES

33. 或然負債

		本公司 THE COMPANY	
		1999 HK\$'000	1998 HK\$'000
Guarantees given to a financial institution in respect of banking facilities granted to subsidiaries	就附屬公司所獲得之銀行信貸向一家財務機構作出擔保	-	20,000
The extent of the facilities utilised as at March 31, 1999 by the subsidiaries amounted to HK\$Nil (1998: HK\$20,000,000).	於一九九九年三月三十一日，附屬公司可動用之銀行信貸為零港元（一九九八年：20,000,000港元）。		
A legal action was brought against the Group by two directors who had been removed on May 27, 1997 in relation to claims amounting to approximately HK\$945,000.	兩名於一九九七年五月二十七日遭革職之董事向本集團提出法律訴訟追討約945,000港元。		
In addition, certain former directors issued writs against Fronteer HK for claims of approximately HK\$1,542,000 plus interest and costs.	此外，若干前恒達董事向恒達發出令狀，要求索償約1,542,000港元連利息及訟費。		
The above claims are not accrued in the financial statements at the balance sheet date. The directors, upon consulting their legal advisers, are of the opinion that it is unlikely that the abovementioned proceedings will result in any material losses to the Group.	以上訴訟追討之款項於結算日並無計入財務報表。董事經諮詢其法律顧問後，認為前述之法律訴訟不會令本集團遭受任何重大損失。		

34. LEASE COMMITMENTS

At the balance sheet date, the Group and the Company had outstanding commitments under non-cancellable operating leases in respect of rented premises. The portion of these commitments which is payable in the following year is as follows:

Operating leases which expire:	經營租賃屆滿期限:
More than one but not exceeding five years	超過一年但少於五年
More than five years	超過五年

本集團 THE GROUP	
1999	1998
HK\$'000	HK\$'000
3,666	1,244
687	-
<u>4,353</u>	<u>1,244</u>

The Company did not have any operating lease commitments as at March 31, 1999.

35. CAPITAL COMMITMENTS

Capital expenditure in respect of acquisition of fixed assets contracted for but not provided in the financial statements

已訂約收購惟未在財務報表中作出撥備之固定資產資本開支

本集團 THE GROUP	
1999	1998
HK\$'000	HK\$'000
-	435

The Company did not have any significant capital commitments at March 31, 1999.

36. PLEDGE OF ASSETS

The Group has pledged all the assets of one of the Company's subsidiaries which represented bank balances and cash with a carrying value at March 31, 1999 of HK\$2,088,000 as a security for banking facilities granted to the subsidiary.

The note payable of HK\$7,091,000 is secured on the investment properties of the Group in California, U.S.A. with a carrying value of HK\$6,574,000.

37. RETIREMENT BENEFIT SCHEME

The Group operates a defined contribution retirement benefit scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group in funds under the control of trustees.

34. 租賃承擔

於結算日，本集團及本公司就租賃物業有不可撤銷之經營租賃尚未履行之承擔。該等承擔於下列年度內支付之部分如下：

本集團 THE GROUP	
1999	1998
HK\$'000	HK\$'000
3,666	1,244
687	-
<u>4,353</u>	<u>1,244</u>

本公司於一九九九年三月三十一日並無任何經營租賃承擔。

35. 資本承擔

本集團 THE GROUP	
1999	1998
HK\$'000	HK\$'000
-	435

本公司於一九九九年三月三十一日並無任何重大資本承擔。

36. 資產抵押

本集團已將本公司其中一家附屬公司所有資產，即一九九九年三月三十一日銀行結餘與現金賬面值為2,088,000港元按子銀行，作為附屬公司獲授銀行信貸之抵押。

本集團已將其於美國加利福尼亞州賬面值為6,574,000港元之投資物業，作為應付票據7,091,000港元之抵押。

37. 退休金計劃

本集團為全部香港合資格之僱員提供定額供款退休金計劃。該計劃之資產以受託人控制基金之形式獨立持有。

37. RETIREMENT BENEFIT SCHEME – continued

The cost charged to the profit and loss account represents contributions payable to the scheme by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, there were no (1998: HK\$18,000) forfeited contributions arose upon employees leaving the scheme which are available to reduce the contributions payable in the future years.

38. RELATED PARTY TRANSACTIONS

During the year, the Company had transactions with related parties as follows:

- (a) In December 1997, Fronteer USA sold Heng Fung Finance Company Limited ("Heng Fung Finance"), a subsidiary of the Company a ten year US\$4,000,000 10% Convertible Debentures that is convertible into shares of common stock of Fronteer USA at a price of US\$0.53125 per share until December 15, 2007, unless sooner paid, and an option to purchase a US\$11,000,000 10% Convertible Debentures that is convertible into shares of common stock of the Fronteer USA at a price of US\$0.61 per share until ten years from the date of issue unless sooner paid. Subsequently, Heng Fung Finance partially exercised the option and purchased additional 10% Convertible Debentures totaling US\$2,500,000.

On September 23, 1998, Heng Fung Finance and the Company agreed to amend the terms of the remaining US\$8,500,000 of the US\$11,000,000 10% Convertible Debentures by increasing the interest rate to 12%, changing the conversion price to the lower of US\$0.35 or the fair market value per share, and changing the default conversion price to US\$0.10 per share. On September 25, 1998, Heng Fung Finance partially exercised its option to purchase US\$8,500,000 of 12% Convertible Debentures by purchasing a US\$500,000 12% Convertible Debentures from Fronteer USA.

37. 退休金計劃－續

於損益賬扣除之退休金成本，乃指本集團根據該計劃條款所列明之比率應付之供款。倘有僱員於獲得全部供款前退出計劃，則被沒收供款可用以減低本集團應付之供款。

於結算日，並無因僱員離職並退出計劃而被沒收供款（一九九八年：18,000港元），以作為減低未來數年應付之供款。

38. 關連人士交易

年內，本公司曾與關連人士進行下列交易：

- (a) 於一九九七年十二月，Fronteer USA向本公司附屬公司恒鋒財務有限公司（「恒鋒財務」）出售十年價值4,000,000美元之十厘可換股債券，除非可於短期內獲得支付，否則該等可換股債券可於二零零七年十二月十五日前按每股0.53125美元之價格轉換為Fronteer USA普通股。此外，Fronteer USA亦向恒鋒財務出售認股期權，以購入價值11,000,000美元之十厘可換股債券，除非可於短期內獲得支付，否則該等可換股債券可於發行當日起計十年內，按每股0.61美元之價格轉換為Fronteer USA普通股。其後，恒鋒財務行使部分認股期權，購入價值合共2,500,000美元之額外十厘可換股債券。

於一九九八年九月二十三日，恒鋒財務及本公司同意修訂價值11,000,000美元十厘可換股債券餘下8,500,000美元之條款，將利率調高至12厘，並更改換股價為0.35美元或每股公平市價（以較低者為準），同時亦將設定換股價改為每股0.10美元。一九九八年九月二十五日，恒鋒財務行使部分其可購入價值8,500,000美元之十二厘可換股債券之認股期權，向Fronteer USA購入價值500,000美元之十二厘可換股債券。

38. RELATED PARTY TRANSACTIONS – continued

As of March 31, 1999, Heng Fung Finance had purchased a total of US\$8,000,000 of the Convertible Debentures. The principal is due in ten years except for one instalment of US\$500,000 which is due in March 2000. Since Heng Fung Finance extended the due date of the US\$500,000 instalment from March 1999 to March 2000, Fronteer USA is to pay Heng Fung Finance a fee of 5%, or US\$25,000, payable in 44,092 common shares of Fronteer USA. The interest on the Convertible Debentures was paid in form of the shares of the Fronteer USA's common stock. As at March 31, 1999, Fronteer USA had US\$207,500 of accrued interest payable to Heng Fung Finance related to the Convertible Debentures.

- (b) On April 14, 1998, Fronteer Capital, Inc., a subsidiary of Fronteer USA and Heng Fung Finance respectively committed to provide to Global Med Technologies, Inc. ("Global Med") lines of credit for an amount up to US\$1,650,000 and US\$1,500,000, over the following twelve months. The loans bear interest calculated at a rate of 12% per annum and mature 366 days after April 14, 1998. For giving the commitment, Heng Fung Finance earned warrants to purchase 6,000,000 shares of Global Med's common stock.

On October 7, 1998, Fronteer Development Finance Inc. ("Fronteer Development"), a subsidiary of Fronteer USA, Heng Fung Finance, and Global Med entered into an agreement whereby Fronteer Development purchased, Heng Fung Finance sold and Global Med consented to the sale of US\$1,000,000 principal amount of loans made by Heng Fung Finance to Global Med along with a warrant to purchase an aggregate of 4,000,000 shares of Global Med's common stock. Fronteer Development paid Heng Fung Finance US\$1,100,000 for the loans and warrants.

38. 關連人士交易 – 續

截至一九九九年三月三十一日，恒鋒財務已購入合共價值8,000,000美元之可換股債券。本金於十年內到期，惟其中一期分期款項500,000美元乃於二零零零年三月到期。鑑於恒鋒財務將分期款項500,000美元之到期日由一九九九年三月延展至二零零零年三月，故Fronteer USA須向恒鋒財務支付5%或25,000美元之費用，以Fronteer USA普通股44,092股支付。可換股債券之利息則以Fronteer USA普通股之形式支付。截至一九九九年三月三十一日，Fronteer USA就可換股債券須向恒鋒財務支付207,500美元之應計利息。

- (b) 一九九八年四月十四日，Fronteer USA之附屬公司Fronteer Capital, Inc.及恒鋒財務均承諾於未來十二個月分別向Global Med Technologies, Inc. ("Global Med") 提供最高達1,650,000美元及1,500,000美元之信貸額。有關貸款乃按年利率十二厘計息，並於一九九八年四月十四日起計三十六日後到期。恒鋒財務獲得可認購Global Med普通股6,000,000股之認股權證，作為作出承諾之代價。

一九九八年十月七日，Fronteer USA之附屬公司Fronteer Development Finance Inc. ("Fronteer Development")、恒鋒財務及Global Med訂立一項協議。據此，Fronteer Development購入、恒鋒財務出售及Global Med同意恒鋒財務向Global Med出售所提供之貸款本金額1,000,000美元，連同可購入Global Med合共4,000,000股普通股之認股權證。Fronteer Development就貸款及認股權證向恒鋒財務支付1,100,000美元。

38. RELATED PARTY TRANSACTIONS – continued

The loans and warrants purchased by Fronteer Development were a portion of loans and warrants given pursuant to a joint loan commitment made by Heng Fung Finance and Fronteer Capital (subsequently transferred to Fronteer Development) for the benefit of Global Med.

- (c) On April 25, 1998, the Board of Directors of Fronteer USA approved a resolution to give consideration of US\$350,000 to the Group in respect of the efforts, capital costs and expenses in setting up an office in New York which was transferred to Fronteer USA to be operated as an institutional sales location of American Fronteer Financial Corporation, a subsidiary of Fronteer USA, and determined based upon actual capital costs and expenses incurred, as well as certain estimates, of Fronteer USA. Such consideration was settled by issuing 350,000 shares of common stock of Fronteer USA to the Group.

- (d) On October 16, 1998, Fronteer USA commenced a private placement of 1,500,000 shares of its Convertible Series B Preferred Stock at a price of US\$10 per share. The Company has guaranteed the payment of each annual 8% cash dividend on the stock through October 2003. In consideration for this guarantee, Fronteer USA issued the Company 250,000 shares of Fronteer USA's common stock. If the Company is required to make payment as a result of its guarantee, the Company or its designee will receive a 12% Convertible Debenture equivalent to the amount that the Company is required to pay on the guarantee. The Company or its designee would receive such number of shares of Fronteer USA's common stock as is equal to 90% of the market price of the common stock as of the close of business on October 31 on which the dividend is payable divided into the amount of the dividend.

- (e) During the year, the Group also acquired certain properties in Canada from Sunshine Properties Limited, an associated company of the Group, at a consideration of approximately HK\$1,552,000.
- (f) During the year, an additional amount of HK\$13,803,000 in respect of the facilities granted by the Group as set out in note 13(b) was utilised by Fronteer HK.

38. 關連人士交易 – 續

Fronteer Development所購入之貸款及認股權證乃恒鋒財務及Fronteer Capital (其後轉讓予Fronteer Development) 向Global Med所作出之一項聯合貸款承擔之部分貸款及認股權證。

- (c) 一九九八年四月二十五日，Fronteer USA董事會通過一項決議案，就本集團於成立紐約一家辦事處所付出之努力、資金成本及開支向本集團支付代價350,000美元，該辦事處其後轉讓予Fronteer USA，作為其附屬公司American Fronteer Financial Corporation之機構性銷售處。有關代價乃按照所涉及之實際資金成本與開支，以及Fronteer USA之若干估計而釐定。Fronteer USA向本集團發行350,000股普通股以清還該代價。

- (d) 一九九八年十月十六日，Fronteer USA開始私人配售其1,500,000股可換股B系列優先股，每股作價10美元。本公司擔保就股份每年支付八厘之現金股息，直至二零零三年。Fronteer USA向本公司發行其普通股250,000股，作為是項擔保之代價。倘本公司因本身作出之擔保而須支付款項，則本公司或其委派人員將獲得12厘可換股債券，金額相當於本公司須就有關擔保而支付之款項。本公司或其委派人員可獲得Fronteer USA之普通股，股數相當於十月三十一日營業時間結束時普通股市價之90%，而當日應付之股息乃分為股息之款項。

- (e) 年內，本集團亦向其聯營公司Sunshine Properties Limited購入加拿大之若干物業，代價約為1,552,000港元。
- (f) 年內，恒達已動用本集團所批授之額外信貸13,803,000港元 (詳情見附註13(b))。

38. RELATED PARTY TRANSACTIONS – continued

- (g) On February 12, 1999, Heng Fung Finance has entered into a facilities agreement with Fronteer HK, pursuant to which Heng Fung Finance will provide the standby facilities for a maximum amount of HK\$50 million to Fronteer HK. Under the terms of the facilities agreement, any drawdowns against the standby facilities may be made by Fronteer HK at any time on or before the expiry of a period of 23 months from February 12, 1999 on a revolving basis. Interest is payable at the rate of 2% per annum over prime rates on the amounts of the standby facilities drawn down and outstanding. All amounts outstanding under the standby facilities, together with interest accrued thereon, are required to be repaid to Heng Fung Finance in full on the date being the expiry of 24 months from February 12, 1999.

Notes:

- (i) Mr. Chan Heng Fai, a director and substantial shareholder of the Company, is the Chairman, President and Director of Fronteer USA and is also a director of Global Med.
- (ii) Mr. Trapp Robert Herman, a non-executive director of the Company, who indirectly holds certain issued shares of the Company, is a director of Fronteer USA, the President of American Fronteer Financial Corporation, a subsidiary of Fronteer USA and is also a director of Global Med. Mr. Fong Kwok Jen, a non-executive director and a shareholder of the Company, is a director of Fronteer USA and is also a director of Global Med.

The terms of the above transactions were mutually agreed by the parties involved.

No comparative information has been presented for related party transactions in this first year of implementation of the new standard, because the necessary information is not available.

38. 關連人士交易 – 續

- (g) 一九九九年二月十二日，恒鋒財務與恒進訂立一項信貸協議，據此，恒鋒財務將向恒進提供最高達50,000,000港元之備用信貸。根據該信貸協議之條款，恒進可於一九九九年二月十二日起計二十三個月內以循環再借方式隨時動用備用貸款，所動用及結欠之備用信貸一律按年利率最優惠利率加兩厘計息。所有結欠之備用信貸連同就此應計之利息須於一九九九年二月十二日起計二十四個月屆滿當日全數償還予恒鋒財務。

附註：

- (i) 本公司之董事及主要股東陳恆輝先生為Fronteer USA之主席、總裁及董事，亦為Global Med之董事。
- (ii) 本公司非執行董事Trapp Robert Herman先生間接持有本公司若干已發行股份，為Fronteer USA之董事、Fronteer USA之附屬公司American Fronteer Financial Corporation之總裁，並為Global Med之董事。本公司之非執行董事及股東鄺國楨先生乃Fronteer USA之董事，亦為Global Med之董事。

上述交易之條款乃由有關訂約方共同議定。

由於未能取得所需資料，關連人士交易在首年採用新標準之情況下，並無呈列比較資料。

39. POST BALANCE SHEET EVENTS

- (a) In April 1999, the Group purchased 2,000,000 shares of Global Med by the surrender of its entire interest in the convertible loan notes of US\$500,000 which carried interest at 12% per annum and had a maturity date on April 15, 1999.

39. POST BALANCE SHEET EVENTS – continued

- (b) On April 13, 1999, Heng Fung Finance confirmed that it will provide a line of credit of up to US\$2,000,000 to Global Med with interest at the rate of 12% per annum payable monthly. Principal on all loans made pursuant to the line of credit shall be due and payable on April 12, 2000. However, loans made pursuant to the line of credit shall be repaid to the Group immediately from proceeds of any offering of Global Med's securities prior to April 12, 2000 and thereafter, this credit facility will lapse.

Each loan drawn on the line of credit will be no more than US\$250,000 and will be represented by a promissory note made by Global Med for the benefit of the Group. The promissory note(s) will be convertible, at the Group's option, into shares of common stock of Global Med at a price based on the average closing bid price of Global Med's common stock for a period of 15 business days prior to April 13, 1999.

On or before April 13, 1999, as consideration for the line of credit, Global Med agrees to pay the Group, a fee equal to 5% of the total line of credit in shares of Global Med common stock at a price based on the average bid price of Global's Med common stock for the 15 days prior to April 13, 1999.

39. 結算日後事項

- (a) 於一九九九年四月，本集團以其價值500,000美元可換股貸款票據之全部權益作為購入Global Med 2,000,000股股份之代價，該等票據附帶年息率12厘，並已於一九九九年四月十五日到期。

39. 結算日後事項 – 續

- (b) 於一九九九年四月十三日，恒鋒財務確認向Global Med提供最高達2,000,000美元之信貸額，該筆信貸額須每月支付利息，年息率為十二厘。根據信貸額借出之所有貸款本金將於二零零零年四月十二日到期償還，然而，根據信貸額借出之貸款須於二零零零年四月十二日提呈發售Global Med證券後隨即從發售證券所得款項中撥款償還予本集團，於該日以後，上述信貸融資將告失效。

每筆從信貸額中提取之貸款均不可超過250,000美元，並將由Global Med以本集團為受益人發出本票之方式提供。本集團可選擇將本票轉換為Global Med之普通股股份，轉換價格乃根據Global Med普通股於一九九九年四月十三日前十五個營業日期間之平均收市買入價計算。

於一九九九年四月十三日之前，Global Med同意支付本集團一筆費用，以作為取得信貸額之代價。該筆費用乃相等於Global Med普通股股份佔總額5%，價格乃根據Global Med普通股於一九九九年四月十三日前十五日之平均買入價計算。

40. PARTICULARS OF SUBSIDIARIES

Particulars of subsidiaries at March 31, 1999 are as follows:

公司名稱	註冊成立/ 營業地點	已發行及 繳足股本	本公司所持已發行 股本面值比率		主要業務
			直接	間接	
Name of company	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of nominal value of issued capital held by the Company		Principal activities
			Directly	Indirectly	
			%	%	
American Fronteer Financial International Limited 美國恒進財務國際有限公司	Hong Kong 香港	Ordinary HK\$2 普通股2港元	-	55.86	Investment holding 投資控股
Century City Commodities Limited 世紀城市商品期貨有限公司	Hong Kong 香港	HK\$8,000,000 8,000,000港元	100	-	Inactive 不活躍
Cyber Construction HK Limited	Hong Kong 香港	Ordinary HK\$2 普通股2港元	-	55.86	Inactive 不活躍
Ei-Ei-O (Far East) Limited	Hong Kong 香港	Ordinary HK\$3,000,000 普通股3,000,000港元	-	55.86	Inactive 不活躍
Faith Profit Limited 進雅有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	-	Property holding 物業持有
Fronteer International Holdings Limited 恒進國際集團有限公司	Bermuda 百慕達	Ordinary HK\$2,006,000 Non-voting cumulative redeemable convertible preference shares HK\$68,500,000 (Note a) 普通股2,006,000港元 無投票權累積可贖回 可換股優先股 68,500,000港元 (附註a)	-	55.86	Retailing and distribution of fashion apparel and accessories and share trading 零售及分銷時裝及 配飾飾物及股份買賣
Fronteer Securities (HK) Limited 恒進證券有限公司	Hong Kong 香港	Ordinary HK\$2 普通股2港元	-	55.86	Financial and securities investment 財務及證券投資
Heng Fung Capital Company Limited 恒鋒融資有限公司	Hong Kong 香港	HK\$2 2港元	100	-	Securities investment 證券投資

40. 附屬公司概要

於一九九九年三月三十一日附屬
公司之概要如下：

40. PARTICULARS OF SUBSIDIARIES – continued

公司名稱	註冊成立/ 營業地點	已發行及 繳足股本	本公司所持已發行 股本面值比率		主要業務
			直接	間接	
Name of company	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of nominal value of issued capital held by the Company		Principal activities
			Directly	Indirectly	
			%	%	
Heng Fung Capital, Inc.	United States of America 美利堅合眾國	US\$15,000 15,000美元	100	-	Investment holding 投資控股
Heng Fung Capital (Canada) Inc.	Canada 加拿大	– (Note b) – (附註b)	100	-	Property holding 物業持有
Heng Fung Capital (S) Pte. Ltd.	Singapore 新加坡	SGD\$13,417,282 13,417,282美元	98.6	-	Investment holding 投資控股
Heng Fung Equities, Inc.	United States of America 美利堅合眾國	US\$105,000 105,000美元	-	100	Securities investment 證券投資
Heng Fung Finance Company Limited 恒鋒財務有限公司	Hong Kong 香港	HK\$1,260,000 1,260,000港元	-	98.6	Investment holding 投資控股
Heng Fung Nominees Limited 恒鋒代理人有限公司	Hong Kong 香港	HK\$2 2港元	100	-	Inactive 不活躍
Heng Fung Singapore Limited 恒鋒新加坡有限公司	Hong Kong 香港	HK\$1,000,000 1,000,000港元	100	-	Inactive 不活躍
Heng Fung Underwriter Limited	Hong Kong 香港	HK\$2 2港元	100	-	Securities trading 證券買賣
HF Corporate Services Limited	Hong Kong 香港	HK\$2 2港元	100	-	Inactive 不活躍
HF Holdings Limited	Hong Kong 香港	HK\$2 2港元	100	-	Inactive 不活躍
Hou Wang Capital (H.K.) Limited 猴王融資(香港)有限公司	Hong Kong 香港	HK\$2 2港元	-	100	Inactive 不活躍
Ichi Ni San Enterprises Co. Limited	Hong Kong 香港	HK\$10,000 10,000港元	100	-	Property investment 物業投資
International Buy Sell Hold Limited	Hong Kong 香港	HK\$2 2港元	100	-	Inactive 不活躍

40. 附屬公司概要－續

40. PARTICULARS OF SUBSIDIARIES – continued

40. 附屬公司概要－續

公司名稱	註冊成立/ 營業地點	已發行及 繳足股本	本公司所持已發行 股本面值比率		主要業務
			直接	間接	
Name of company	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of nominal value of issued capital held by the Company		Principal activities
			Directly %	Indirectly %	
Iwai Denmark Limited	Hong Kong 香港	Ordinary HK\$10,000 普通股10,000港元	-	55.86	Operation of fashion retail shops 經營時裝零售店舖
Iwai Paris Limited	Hong Kong 香港	Ordinary HK\$500,000 普通股500,000港元	-	55.86	Operation of fashion retail shops 經營時裝零售店舖
Iwai Style Limited	Hong Kong 香港	Ordinary HK\$2 普通股2港元	-	55.86	Inactive 不活躍
Iwai Tokyo Limited	Hong Kong 香港	Ordinary HK\$2 普通股2港元	-	55.86	Inactive 不活躍
Iwai's Holdings (Hong Kong) Limited	Hong Kong 香港	Ordinary HK\$1,000 Non-voting deferred shares HK\$1,000,000 (Note c) 普通股1,000港元 無投票權遞延股 1,000,000港元 (附註c)	-	55.86	Investment and property holding 投資及物業持有
Iwai's Investments Limited	British Virgin Islands/ Hong Kong 英屬處女群島/ 香港	Ordinary HK\$10,000 普通股10,000港元	-	55.86	Investment holding 投資控股
Keng Fong America Enterprises Limited 建德美國企業有限公司	Hong Kong 香港	HK\$1,500,000 1,500,000港元	100	-	Investment holding 投資控股
Keng Fong Canada Enterprises Limited 建德加拿大企業有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	-	Investment holding 投資控股
Keng Fong Capital Limited 建德融資有限公司	Hong Kong 香港	HK\$2 2港元	100	-	Inactive 不活躍

40. PARTICULARS OF SUBSIDIARIES – continued

40. 附屬公司概要－續

公司名稱	註冊成立/ 營業地點	已發行及 繳足股本	本公司所持已發行 股本面值比率		主要業務
			直接	間接	
Name of company	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of nominal value of issued capital held by the Company		Principal activities
			Directly %	Indirectly %	
Keng Fong China Industries Limited 建德中國工業有限公司	Hong Kong 香港	HK\$2,450,000 2,450,000港元	100	-	Inactive 不活躍
Keng Fong Foreign Investment Co. Ltd.	United States of America 美利堅合眾國	US\$250,000 250,000美元	-	100	Property investment and development 物業投資及發展
Keng Fong Hotel Limited 建德酒店業有限公司	Hong Kong 香港	HK\$1,400,000 1,400,000港元	100	-	Inactive 不活躍
Keng Fong Malaysia Enterprises Limited 建德馬來亞企業有限公司	Hong Kong 香港	HK\$100,000 100,000港元	100	-	Investment holding 投資控股
Keng Fong Supermarket, Limited 建德超級市場有限公司	Hong Kong 香港	HK\$8,000,000 8,000,000港元	100	-	Inactive 不活躍
Kingford Investment Company, Limited 興發置業有限公司	Hong Kong 香港	HK\$1,000,000 1,000,000港元	100	-	Inactive 不活躍
Lai Fook Investment (H.K.) Company Limited 來福投資(香港)有限公司 (formerly known as Hong Kong Hou Wang Investments Limited) (前稱香港觀王投資有限公司)	Hong Kong 香港	HK\$1,000,000 1,000,000港元	60	40	Inactive 不活躍
Luckford Enterprise Limited 六福企業有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	-	Property development 物業發展
Masaru Iwai Enterprises (Hong Kong) Limited	Hong Kong 香港	Ordinary HK\$1,000,000 普通股 1,000,000港元	-	55.86	Trading of fashion apparel and accessories 時裝及配襯飾物買賣

40. PARTICULARS OF SUBSIDIARIES – continued

公司名稱 Name of company	註冊成立/ 營業地點 Place of incorporation/ operation	已發行及 繳足股本 Issued and fully paid share capital	本公司所發已發行 股本面數比率 Proportion of nominal value of issued capital held by the Company		主要業務 Principal activities
			直接 Directly %	間接 Indirectly %	
M. France H.K. Limited	Hong Kong 香港	Ordinary HK\$1,000,000 普通股 1,000,000港元	-	55.86	Operation of fashion retail shops 經營時裝零售店舖
Nunivak Properties Limited	Hong Kong 香港	HK\$500,000 500,000港元	-	100	Inactive 不活躍
Rasa Sayang Limited	Hong Kong 香港	HK\$10,000 10,000港元	100	-	Securities investment 證券投資
Rich Legend Investment Limited 益晉投資有限公司	Hong Kong 香港	Ordinary HK\$2 普通股2港元	-	55.86	Financial and securities investment 財務及證券投資
Siu Lam Construction Co. Limited 小林建築有限公司	Hong Kong 香港	HK\$100,000 100,000港元	100	-	Inactive 不活躍
Sure World Capital Limited	British Virgin Islands 英屬處女群島	US\$50,000 50,000美元	100	-	Investment holding 投資控股
Wai Kin Investment Company, Limited 緯健置業有限公司	Hong Kong 香港	HK\$600,000 600,000港元	100	-	Investment holding 投資控股
Wellgem Asia Limited 偉實亞洲有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100	-	Property development 物業發展
York Winner Investment Limited 欣永投資有限公司	Hong Kong 香港	Ordinary HK\$2 普通股2港元	-	55.86	Financial and securities investment 財務及證券投資

40. 附屬公司概要－續

40. PARTICULARS OF SUBSIDIARIES – continued

Notes:

- a. The non-voting cumulative redeemable convertible preference shares ("CP Shares") shall carry equal rights and rank pari passu with one another and each CP Share shall have the rights and restriction set out below:
- (i) Holders of the CP Shares are entitled in priority to any dividend payable in respect of the ordinary shares of Fronteer HK at cumulative annual preferential dividend rates of 3 per cent. per annum on the principal amount of the CP Shares which are specified in the subscription agreement dated February 12, 1999 and two supplement agreements dated February 15, 1999 and March 9, 1999 respectively. Subject to the Companies Act of Bermuda, the dividend is payable cumulative and semi-annually in arrears on March 31 and September 30 in each year during the conversion period which falls after the second anniversary from the date of issue of the CP Shares and the first payment is due on September 30, 2001.
- (ii) The CP Shares are convertible in multiples of 1,000,000 into the ordinary shares of Fronteer HK.
- (iii) The CP Shares are also redeemable at the principal amounts on the maturity date or the earliest date permitted under the Companies Act of Bermuda, whichever is the later. The maturity date is the fifth anniversary of the issue date of the CP Shares.
- (iv) The CP Shares do not have any voting rights.
- b. As of the balance sheet date, no part of the capital has been contributed.
- c. The non-voting deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of the respective company or to participate in any distribution on winding up.

None of the subsidiaries had any loan capital outstanding at the end of the year or at any time during the year.

40. 附屬公司概要－續

附註：

- a. 每股無投票權累積可贖回可換股優先股（「可換股優先股」）享有同等權益，而每股可換股優先股應具備下列所載權利及限制：
- (i) 可換股優先股持有人有權優先取得任何就恒地普通股派付之任何股息，該等股息乃以可換股優先股本額按累積年度優先股年息率三厘計算，有關詳情已於一九九九年二月十二日簽訂之認購協議及兩項分別於一九九九年二月十五日及一九九九年三月九日簽訂之補充協議內載列。根據百慕達公司法之規定，股息乃累積派付，並於發行可換股優先股日期後第二年開始，在每年三月三十一日及九月三十日轉換期內每半年期未派發一次，首筆款項將於二零零一年九月三十日到期償還。
- (ii) 可換股優先股可以1,000,000股之倍數轉換為恒地股份。
- (iii) 可換股優先股亦可於到期日或百慕達公司法准許之較早日期（以較遲者為準）按本金贖回，到期日為發行可換股優先股日期後第五年。
- (iv) 可換股優先股並無任何投票權。
- b. 於結算日，股本中並無任何出資。
- c. 非本集團持有之無投票權遞延股份實際上無權獲派股息，獲發各別公司之任何股東大會之通告，出席大會或在會上投票，亦無權於清盤時獲得任何分派。

各附屬公司於年終或於年內任何時間無任何尚未償還之借貸資本。

41. PARTICULARS OF PRINCIPAL ASSOCIATED COMPANIES

41. 主要聯營公司詳情

Particulars of principal associated companies at March 31, 1999 are as follows:

於一九九九年三月三十一日主要聯營公司之概要如下:

公司名稱	註冊成立/ 註冊/ 營業地點	本公司所持已發行股本/ 註冊資本面值之比率		主要業務
		直接	間接	
Name of company	Place of incorporation/ registration/ operation	Proportion of nominal value of issued capital/ registered capital held by the Company		Principal activities
		Directly %	Indirectly %	
Fronteer Financial Holdings, Limited	USA 美國	1.35	35.11	Securities investment 證券投資
Heng Fung Petrochemical Limited 恒鋒石油化工有限公司	Hong Kong 香港	40	-	Investment holding 投資控股
Park Lane Mercantile Limited	Canada 加拿大	-	35	Property development 物業發展
Sunshine Properties Limited	Canada 加拿大	-	50	Property development 物業發展
Yichang Keng Fong Investment Company Limited 宜昌建煌投資有限公司	PRC 中國	25	-	Investment holding 投資控股

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

上表列載董事認為主要影響本集團本年度業績或組成本集團資產淨值重要部分之聯營公司。董事認為，倘提供其他聯營公司之概要，會使篇幅過於冗長。

FIVE YEAR FINANCIAL SUMMARY

五年財務資料概要

RESULTS	業績	截至三月三十一日止年度 For the year ended March 31,				
		1999 HK\$'000	1998 HK\$'000	1997 HK\$'000	1996 HK\$'000	1995 HK\$'000
Turnover	營業額	40,288	172,297	28,155	13,397	11,066
Operating profit (loss)	經營溢利(虧損)					
Continuing operations excluding exceptional items	未計特殊項目 前之持續 經營業務	(21,703)	(28,480)	(16,102)	(7,777)	(3,846)
Exceptional items	特殊項目	22,153	(126,872)	49	(4,228)	(3,349)
		450	(155,352)	(16,053)	(12,005)	(7,195)
Share of results of associated companies	應佔聯營公司 業績	(29,823)	(29,448)	1,761	(691)	(271)
Loss from ordinary activities before taxation	除稅前日常 業務虧損	(29,373)	(184,800)	(14,292)	(12,696)	(7,466)
Taxation	稅項	(4,253)	773	(208)	848	(2,050)
Loss before minority interests	未計少數股東 權益前虧損	(33,626)	(184,027)	(14,500)	(11,848)	(9,516)
Minority interests	少數股東權益	(703)	2,171	971	854	(1,384)
Loss for the year	本年度虧損	(34,329)	(181,856)	(13,529)	(10,994)	(10,900)
		Cents 仙	Cents 仙	Cents 仙	Cents 仙	Cents 仙
Loss per share	每股虧損	(2.75)	(17.58)	(3.37)	(3.98)	(4.48)
		於三月三十一日 As at March 31,				
		1999 HK\$'000	1998 HK\$'000	1997 HK\$'000	1996 HK\$'000	1995 HK\$'000
ASSETS AND LIABILITIES	資產及負債					
Total assets	總資產	380,386	434,603	212,837	157,555	92,147
Total liabilities	總負債	(22,855)	(37,484)	(76,672)	(52,320)	(26,068)
Minority interests	少數股東權益	(838)	(135)	(2,639)	(12,222)	(10,943)
Shareholders' funds	股東資金	356,693	396,984	133,526	93,013	55,136

**PARTICULARS OF MAJOR PROPERTIES
AT MARCH 31, 1999**

**主要物業概要
於一九九九年三月三十一日**

地點 Location	實質擁有權 Effective % held	類別 Type	租約 Lease term
LAND AND BUILDINGS 土地及樓宇			
No. 326 Kwun Tong Road Kwun Tong Kowloon Hong Kong 香港九龍觀塘觀塘道326號	100	Industrial 工業用	Medium-term lease 中期租約
INVESTMENT PROPERTIES 投資物業			
20/F., and car parking spaces Nos. 10 and 11 on 3/F., SUP Tower No. 4 Mercury Street and Nos. 75-83 King's Road, North Point Hong Kong 香港北角水星街4號及 英皇道75-83號 聯合出版大廈20樓及 3樓10號及11號泊車位	100	Office premises 辦公室	Long lease 長期租約
Northeast Corner of Tustin Avenue and Katella Avenue Orange City, Orange County California, U.S.A.	100	Shopping mall 購物商場	Freehold 永久業權
Unit A on 7th Floor Good Luck Industrial Building No. 105 How Ming Street Kwun Tong Kowloon Hong Kong 香港九龍觀塘巧明街105號 好運工業大廈7樓單位A	100	Industrial 工業用	Medium-term lease 中期租約
Unit A on 11th Floor Good Luck Industrial Building No. 105 How Ming Street Kwun Tong Kowloon Hong Kong 香港九龍觀塘巧明街105號 好運工業大廈11樓單位A	100	Industrial 工業用	Medium-term lease 中期租約
Car Parking Space No. P9 on Ground Floor No. 105 How Ming Street Kwun Tong Kowloon Hong Kong 香港九龍觀塘巧明街105號 地下9號泊車位	100	Car parking space 泊車位	Medium-term lease 中期租約

PARTICULARS OF MAJOR PROPERTIES - continued

主要物業概要 - 續

地點 Location	實質擁有權 Effective % held	類別 Type	租約 Lease term	
PROPERTIES HELD FOR DEVELOPMENT 持作發展之物業				
Apt 671-180-012-013-014-015-016-017-018 in Riverside County California, U.S.A. (Site area: 67.5 acres) (地盤面積: 67.5畝)	100	Vacant land 空地	Freehold 永久業權	
Lot No. 1210 and 1211 Demarcation District No. 316 New Territories, Hong Kong 香港新界丈量約份316號 地段1210號及1211號	50	Vacant land 空地	Medium-term lease 中期租約	
地點 Location	平方米 Square metre	實質擁有權 Effective % held	類別 Type	租約 Lease term
PROPERTIES UNDER DEVELOPMENT FOR SALE 待售之發展中物業				
Nos. 28 - 30 Kai Tak Road Kowloon City Kowloon, Hong Kong 香港九龍九龍城啟德道28號至30號	167.22	100	Vacant land 空地	Medium-term lease 中期租約
Nos. 16-20, Baker Street Hung Hom Kowloon Hong Kong 香港九龍紅磡必嘉街16號至20號	202.81	100	Vacant land 空地	Long lease 長期租約
PROPERTIES HELD FOR SALE 待出售物業				
Car parking spaces Nos. 22 to 24 on lower G/F., Inverness Villa No. 22 Inverness Road Kowloon, Hong Kong 香港九龍延文禮士道22號 賢文別墅地下低層 22號至24號泊車位	30	100	Car parking space 泊車位	Medium-term lease 中期租約

HENG FUNG HOLDINGS COMPANY LIMITED 恒鋒集團有限公司

GROUP STRUCTURE AS OF AUGUST 27, 1999
於一九九九年八月二十七日之集團架構

Heng Fung Holdings Company Limited 恒鋒集團有限公司

