

11. FIXED ASSETS

Group

	Land and buildings in Hong Kong HK\$'000	Land and buildings in the PRC HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:						
At 1 January 1998	53,000	2,913	8,817	115,677	22,723	203,130
Additions	—	13,703	22	24,163	6,544	44,432
Disposals	—	(2,178)	(1,131)	(22,718)	(4,123)	(30,150)
Transfer to investment properties	(3,700)	—	—	—	—	(3,700)
Revaluation deficit	(9,400)	—	—	—	—	(9,400)
Exchange adjustments	—	5	4	318	39	366
At 31 December 1998	39,900	14,443	7,712	117,440	25,183	204,678
Accumulated depreciation:						
At 1 January 1998	—	—	4,690	36,628	6,822	48,140
Provided during the year	1,008	119	1,437	21,765	3,084	27,413
Disposals	—	(22)	(482)	(8,147)	(757)	(9,408)
Written back on revaluation	(1,008)	—	—	—	—	(1,008)
Exchange adjustments	—	—	1	78	11	90
At 31 December 1998	—	97	5,646	50,324	9,160	65,227
Net book value:						
At 31 December 1998	39,900	14,346	2,066	67,116	16,023	139,451
At 31 December 1997	53,000	2,913	4,127	79,049	15,901	154,990
Analysis of cost and valuation:						
Cost	—	14,443	7,712	117,440	25,183	164,778
Valuation at 31 December 1998	39,900	—	—	—	—	39,900
	39,900	14,443	7,712	117,440	25,183	204,678

11. FIXED ASSETS (Continued)

Company

	Land and buildings in Hong Kong HK\$'000	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:					
At 1 January 1998	44,000	5,833	6,836	887	57,556
Additions	—	—	649	—	649
Disposals	—	—	(2,106)	—	(2,106)
Revaluation deficit	(9,000)	—	—	—	(9,000)
At 31 December 1998	35,000	5,833	5,379	887	47,099
Accumulated depreciation:					
At 1 January 1998	—	3,917	5,839	741	10,497
Provided during the year	976	1,166	693	53	2,888
Disposals	—	—	(1,856)	—	(1,856)
Written back on revaluation	(976)	—	—	—	(976)
At 31 December 1998	—	5,083	4,676	794	10,553
Net book value:					
At 31 December 1998	35,000	750	703	93	36,546
At 31 December 1997	44,000	1,916	997	146	47,059
Analysis of cost and valuation:					
Cost	—	5,833	5,379	887	12,099
Valuation at 31 December 1998	35,000	—	—	—	35,000
	35,000	5,833	5,379	887	47,099

At 31 December 1998, the land and buildings in Hong Kong of the Company and the Group were revalued on an open market, existing use basis by Centaline Property Consultants Ltd., independent surveyors.

11. FIXED ASSETS (Continued)

Had the land and buildings in Hong Kong of the Company and the Group been carried at cost less accumulated depreciation, the carrying value of the land and buildings would have been included in the financial statements at HK\$38,056,000 (1997: HK\$38,896,000) and HK\$44,578,000 (1997: HK\$48,614,000), respectively.

All the properties held by the Company and certain of the properties held by the Group were pledged to banks to secure banking facilities (note 19).

At the balance sheet date, certificates of ownership in respect of certain Group's land and buildings in the PRC with an aggregate net book value of HK\$13,703,000 had not been issued by the relevant PRC authorities. The directors anticipate that these certificates will be issued in the near future.

The land and buildings at cost or valuation included above are held under the following lease terms:

	Hong Kong HK\$'000	PRC HK\$'000	Total HK\$'000
Long term lease	39,900	—	39,900
Medium term lease	—	14,443	14,443
	39,900	14,443	54,343

12. INVESTMENT PROPERTIES

	Group		Company	
	1998	1997	1998	1997
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At beginning of year	21,830	21,830	19,631	19,631
Transferred from fixed assets	3,700	—	—	—
Revaluation deficit	(4,210)	—	(4,131)	—
	21,320	21,830	15,500	19,631

The investment properties of the Company and the Group are situated in Hong Kong and held on long term leases.

12. INVESTMENT PROPERTIES (Continued)

At 31 December 1998, the investment properties of the Company and the Group were revalued on an open market, existing use basis by Centaline Property Consultants Ltd., independent surveyors.

All the Group's investment properties are pledged to banks to secure banking facilities (note 19).

Particulars of the Group's investment properties are as follows:

Location	Use
Unit Nos.1, 2a, 2b, 3a, 3b, 4a and 4b on 14th Floor, Cable TV Tower, 9 Hoi Shing Road, Tsuen Wan, New Territories	Office premises/warehouse for rental
Residential car parking space No.324 on Podium Level 2, Rhine Garden, 38 Castle Peak Road, Sham Tseng, New Territories	Car parking space for rental
Flat B on 29th Floor, Block 3, Locwood Court, Kingswood Villas, 1 Tin Wu Road, Tin Shui Wai, Yuen Long, New Territories	Residential premises for rental
Flat B on 8th Floor, Block 2 and Car parking space No. 60 on level 1, Dragon Inn Court, 9 Tsing Ha Lane, Tuen Mun, New Territories	Residential premises and car parking space for rental

13. DEFERRED DEVELOPMENT COSTS

	Group	
	1998	1997
	HK\$'000	HK\$'000
At 1 January	14,922	8,850
Additions	1,229	9,022
Amortisation	(5,526)	(2,950)
Write off	(5,163)	—
Exchange adjustments	25	—
At 31 December	5,487	14,922

14. INTERESTS IN SUBSIDIARIES

	Company	
	1998	1997
	HK\$'000	HK\$'000
Unlisted shares, at cost	136,690	136,690
Due from subsidiaries	247,884	248,315
Due to a subsidiary	(3,359)	—
	381,215	385,005
Provisions for permanent diminutions in value	(2,519)	(3,433)
Provisions against amount due from subsidiaries	(3,319)	(251)
	375,377	381,321

14. INTERESTS IN SUBSIDIARIES (Continued)

Particulars of the subsidiaries at the balance sheet date are as follows:

Name	Place of incorporation/ registration/ operations	Issued and paid- up capital	Equity interest attributable to the Company		Principal activities
			1998	1997	
Beijing Founder Electronics Co., Ltd.	The People's Republic of China	Registered HK\$130 million	100%	100%	Development of computer software, systems integration and trading of computer products
Founder Technology (Canada) Corp.	Canada	Ordinary CAN\$100	100%	100%	Systems integration and trading of computer products
Founder Systems (USA), Inc.	United States of America	Common US\$30,000	100%	100%	Systems integration and trading of computer products
Founder Inc.	Japan	Ordinary JPY 50 million	100%	100%	Systems integration and trading of computer products

14. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration/ operations	Issued and paid- up capital	Equity interest attributable to the Company		Principal activities
			1998	1997	
PUC Founder (M) Sdn. Bhd.	Malaysia	Ordinary RM500,000	100%	100%	Systems integration and trading of computer products
PUC Founder (MSC) Sdn. Bhd.	Malaysia	Ordinary RM2	100%*	100%*	Dormant
PUC Founder (S) Pte. Ltd.	The Republic of Singapore	Ordinary S\$200,000	100%*	100%*	Systems integration and trading of computer products
Jets Technology Limited	Hong Kong	Ordinary HK\$2	100%	100%	Production of films and provision of computer training course
Hill Glory Limited	Hong Kong	Ordinary HK\$2	100%	100%	Dormant
Founder Systems (B.V.I.) Limited	British Virgin Islands	Ordinary US\$1	100%	—	Dormant
Founder Systems (H.K.) Limited	Hong Kong	Ordinary HK\$2	100%	—	Dormant

14. INTERESTS IN SUBSIDIARIES (Continued)

Name	Place of incorporation/ registration/ operations	Issued and paid- up capital	Equity interest attributable to the Company		Principal activities
			1998	1997	
Royal Bright Limited	Hong Kong	Ordinary HK\$2	100%	—	Property holding
Royal Leader Limited	Hong Kong	Ordinary HK\$2	100%	—	Property holding
Royal Power Limited	Hong Kong	Ordinary HK\$2	100%	—	Property holding
Sharp Century Limited	Hong Kong	Ordinary HK\$2	100%	—	Property holding

* held indirectly through a subsidiary

15. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	Group	
	1998 HK\$'000	1997 HK\$'000
Share of net assets	21,849	—

15. INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

Particulars of the jointly controlled entities, which are all unlisted, at the balance sheet date are as follows:

Name	Business structure	Place of incorporation and operation	Equity interest and profit attributable to the Group		Principal activities
			1998	1997	
Beijing Founder Dicheng Information Technology Co., Ltd.	Corporate	The People's Republic of China	50%	—	Provision of consultancy services and systems integration
Beijing PeCan Information System Inc.	Corporate	The People's Republic of China	30%	—	Development of software and trading of computer products

16. CURRENT ASSETS

	Note	Group		Company	
		1998 HK\$'000	1997 HK\$'000	1998 HK\$'000	1997 HK\$'000
Cash and bank balances		281,863	358,563	22,051	22,166
Accounts receivable		324,155	340,716	386,987	371,105
Inventories	17	262,963	393,359	36,426	18,692
Prepayments, deposits and other receivables		104,790	74,816	11,086	4,568
Tax recoverable		1,514	—	—	—
		975,285	1,167,454	456,550	416,531