

26. OTHER INVESTMENTS IN SECURITIES

	The Group	
	2001 \$'000	2000 \$'000
Debt securities		
Listed		
– In Hong Kong	510	57,643
– Outside Hong Kong	1,850	4,142
	<u>2,360</u>	<u>61,785</u>
Unlisted	13,495	173,493
	<u>15,855</u>	<u>235,278</u>
Equity securities		
Listed		
– In Hong Kong	21,795	29,887
– Outside Hong Kong (Note (a))	149,466	98,142
	<u>171,261</u>	<u>128,029</u>
Unlisted (Note (b))	1,219,259	770
	<u>1,390,520</u>	<u>128,799</u>
	<u>1,406,375</u>	<u>364,077</u>
Market value of other listed investments in securities		
– Debt securities	2,360	61,785
– Equity securities	171,261	128,029
	<u>173,621</u>	<u>189,814</u>
Issued by:		
Central governments and central banks	–	31,429
Public sector entities	1,304	124,589
Banks and other financial institutions	29,142	78,394
Corporate entities	1,375,929	129,665
	<u>1,406,375</u>	<u>364,077</u>

Notes:

- (a) Certain listed equity securities with total carrying value of \$75.4 million (2000: Nil) were pledged with a bank to secure short-term bank loan facilities.
- (b) It represents \$1,219 million of equity investment in DBS Diamond Holdings Limited received on the disposal of a former subsidiary.

Notes on the Accounts

27. CASH AND SHORT TERM FUNDS

	The Group		The Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Cash and balances with banks and other financial institutions	2,993,808	326,350	2,764,329	2
Money at call and short notice	–	1,899,030	–	–
Treasury bills (including Exchange Fund Bills)	–	1,914,440	–	–
	<u>2,993,808</u>	<u>4,139,820</u>	<u>2,764,329</u>	<u>2</u>

28. OTHER PAYABLES AND PROVISION

	The Group		The Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Other payables and provision	209,288	1,803,050	40,760	454
Amounts due to associates	24	23	–	–
Amounts due to jointly controlled entities	–	75,858	–	–
	<u>209,312</u>	<u>1,878,931</u>	<u>40,760</u>	<u>454</u>

Included in other payables of the Group and the Company are amounts of \$11,370,000 (2000: \$4,892,000) and \$7,669,000 (2000: \$269,000) respectively which are expected to be settled after more than one year.

29. CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

At 30 June 2001, the current portion of bank loans and other borrowings are as follows:

	The Group		The Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Bank loans				
– secured (note (a))	134,731	95,215	–	–
– unsecured	302,156	62,187	14,914	26,914
	436,887	157,402	14,914	26,914
Unsecured short-term notes	–	37,486	–	–
Unsecured floating rate notes (note (b))	180,000	–	–	–
Unsecured long term notes and bonds repayable within 1 year (note (c))	82,281	81,500	–	–
	699,168	276,388	14,914	26,914

Notes:

(a) The bank loans are secured by the following:

- legal mortgages on investment properties (Note 17);
- legal mortgages on development properties (Note 23);
- certain long-term equity investments (Note 22); and
- securities with a total market value of approximately \$17 million (2000: \$35 million). The securities pledged were not the assets of the Group and were held as collateral against secured facilities provided by a subsidiary to its margin customers. The Group has obtained written authorisations from the owners to pledge their securities for loans utilised by the Group to provide margin finance facilities to its customers.

(b) The floating rate notes are due in October 2001 with interest rate of 0.8% p.a. above the London Interbank Offer Rate and are guaranteed by the Company.

(c) The S\$150 million (approximately \$82.3 million) unsecured fixed rate bonds due 2002 were issued on 2 September 1997 at face value with fixed interest rate at 5.35% p.a. Subsequent to the end of the financial year, S\$45.5 million (approximately \$25 million) of the Bonds were repurchased and cancelled. The balance S\$104.5 million (approximately \$57.3 million) were redeemed on 3 September 2001.

30. NON-CURRENT PORTION OF BANK LOANS AND OTHER BORROWINGS

	The Group	
	2001 \$'000	2000 \$'000
Bank loans		
– secured (Note 29 (a))	365,360	386,776
– unsecured	151,720	346,136
	<u>517,080</u>	<u>732,912</u>
Long term notes and bonds		
– 7.75% Subordinated Notes	–	261,620
– Unsecured medium term notes	95,995	25,952
– Unsecured fixed rate bonds (Note)	27,427	115,341
– Unsecured floating rate notes	–	180,000
	<u>123,422</u>	<u>582,913</u>
	<u>640,502</u>	<u>1,315,825</u>

Note: The S\$50 million (approximately \$27.4 million) unsecured fixed rate bonds due 2002 were issued on 7 July 1999 as face value with fixed interest rate at 6.875% p.a. The bonds are redeemable at 100% of their principal amount on 7 July 2002.

The Group's bank loans, overdrafts and other borrowings were repayable as follows:

	The Group					
	2001			2000		
	Bank Loans \$'000	Other borrowings \$'000	Total \$'000	Bank loans \$'000	Other borrowings \$'000	Total \$'000
On demand or within 1 year	436,887	262,281	699,168	157,402	118,986	276,388
After 1 year but within 2 years	237,776	63,082	300,858	152,195	180,000	332,195
After 2 years but within 5 years	279,304	60,340	339,644	580,717	141,293	722,010
After 5 years	–	–	–	–	261,620	261,620
	<u>517,080</u>	<u>123,422</u>	<u>640,502</u>	<u>732,912</u>	<u>582,913</u>	<u>1,315,825</u>
	<u>953,967</u>	<u>385,703</u>	<u>1,339,670</u>	<u>890,314</u>	<u>701,899</u>	<u>1,592,213</u>

31. DEFERRED TAXATION

	The Group	
	2001 \$'000	2000 \$'000
As at 1 July	2,027	8,796
Amount charged/(written back) during the year (Note 10 (a))	5,003	(4,881)
Disposal of a subsidiary's investment property	–	(1,845)
Exchange adjustments	(13)	(43)
As at 30 June	<u>7,017</u>	<u>2,027</u>

- (i) Deferred taxation arises from timing differences in the treatment of profit recognition methods in respect of development properties for accounting and taxation purposes and the unrealised gains and losses arising from marking securities to market.
- (ii) At the balance sheet date, the major components of the unprovided deferred tax assets are as follows:

	The Group	
	2001 \$'000	2000 \$'000
Depreciation allowances in excess of depreciation charges	(219)	(5,823)
General provisions for bad and doubtful loans and advances	–	16,694
Tax losses	54,893	48,802
Provision for foreseeable loss	21,379	17,779
Others	–	1,926
	<u>76,053</u>	<u>79,378</u>

The surplus arising on the revaluation of premises does not constitute a timing difference as the disposal of these assets at their carrying value would result in capital gains which are not subject to tax.

- (iii) No provision for deferred taxation has been made in the accounts for taxation which would be payable on the distribution of the Group's share of profits retained by overseas subsidiaries.
- (iv) There is no significant deferred taxation liability not provided for.

32. MINORITY INTERESTS

Minority interests include the interests of preference shareholders in subsidiaries of \$4,177,000 (2000: \$4,433,000).

33. SHARE CAPITAL

	The Group and the Company			
	2001 No. of shares (‘000)	2001 \$’000	2000 No. of shares (‘000)	2000 \$’000
Authorised: Ordinary shares of US\$0.50 each	<u>1,000,000</u>	<u>500,000</u>	<u>1,000,000</u>	<u>500,000</u>
Issued and fully paid:				
As at 1 July	426,631	213,316	426,631	213,316
Share issued under Share Option Scheme	<u>460</u>	<u>230</u>	<u>–</u>	<u>–</u>
As at 30 June	<u>427,091</u>	<u>213,546</u>	<u>426,631</u>	<u>213,316</u>

Share Option Scheme

An Executive Share Option Scheme (“Scheme”) was adopted by the Company on 30 July 1991 under which eligible employees (including directors) of the Group are entitled to the grant of share options for subscription of shares in the Company.

Options were granted in respect of a total of 9,800,000 ordinary shares under the Scheme to various directors and executives of the Company. Such options are exercisable at the subscription price of HK\$20.33 per share during the period from 12 November 1999 to 12 February 2004.

During the year, 460,000 (2000: Nil) share options were exercised to subscribe for 460,000 (2000: Nil) shares in the Company at a consideration (net of charges) of \$1,200,000 (2000: \$Nil) of which \$230,000 (2000: \$Nil) was credited to share capital and the balance of \$970,000 (2000: \$Nil) was credited to the share premium account. Pursuant to the rules of the Scheme, a total of 200,000 share options were lapsed during the year. At 30 June 2001, 9,140,000 share options were outstanding (2000: 9,800,000 share options).

34. RESERVES

	The Group		The Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
(a) Share premium				
As at 1 July	235,122	235,122	235,122	235,122
Shares issued under Share Option Scheme	970	–	970	–
As at 30 June	236,092	235,122	236,092	235,122
(b) Investment property revaluation reserve				
As at 1 July	25,429	8,114	–	–
(Deficit)/surplus arising on revaluation of investment properties from				
– subsidiaries	(3,491)	9,348	–	–
– an associate	10,891	43,580	–	–
Transfer to other property revaluation reserve	–	13,551	–	–
Realised on				
– deemed disposal of a subsidiary's investment property portfolio	–	6,485	–	–
– disposal of subsidiaries and associates	–	(55,062)	–	–
– disposal by an associate	(4,850)	–	–	–
Exchange adjustments	(1,581)	(587)	–	–
As at 30 June	26,398	25,429	–	–
(c) Other property revaluation reserve				
As at 1 July	42,909	64,426	–	–
Transfer from investment property revaluation reserve	–	(13,551)	–	–
Transfer to retained profits on disposal of fixed assets	–	(9,468)	–	–
(Written back)/share of revaluation surplus of associates	(1,771)	1,771	–	–
Realised on disposal of a subsidiary	(41,108)	–	–	–
Exchange adjustments	(30)	(269)	–	–
As at 30 June	–	42,909	–	–

Notes on the Accounts

34. RESERVES (CONT'D)

	The Group		The Company	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
(d) Capital and other reserves				
As at 1 July	71,271	56,074	–	–
Restatement of goodwill (Note 4(b))	94,799	94,799	–	–
As restated	166,070	150,873	–	–
Share of subsidiaries' and associates' capital reserves movement	(6,119)	13,020	–	–
Transfer of net dilution loss/(gain) to consolidated profit and loss account	22,488	(1,745)	–	–
Transfer from retained profits of subsidiaries and associates	9,072	4,220	–	–
Realised on disposal of a subsidiary	(145,066)	–	–	–
Exchange adjustments	(584)	(298)	–	–
As at 30 June	45,861	166,070	–	–
(e) Contributed surplus				
As at 1 July	36,121	36,121	14,439	14,439
Realised on disposal of a subsidiary	(17,704)	–	–	–
As at 30 June	18,417	36,121	14,439	14,439
(f) General reserve				
As at 1 July	131,929	131,929	77,042	77,042
Realised on disposal of a subsidiary	(54,887)	–	–	–
As at 30 June	77,042	131,929	77,042	77,042
(g) Exchange differences on translation of net investments in subsidiaries and associates				
As at 1 July	(178,428)	(156,007)	6,744	6,744
Exchange differences on translation of the financial statements of foreign subsidiaries and associates	(20,505)	(22,421)	(6,744)	–
Exchange difference on investments in subsidiaries and associates written off	183,309	–	–	–
Realised on disposal of a subsidiary	21,640	–	–	–
As at 30 June	6,016	(178,428)	–	6,744