

NOTES TO FINANCIAL STATEMENTS

31 July 2000

24. INTEREST-BEARING BANK LOANS AND OVERDRAFTS AND OTHER LOANS (Continued)

The maturity of the bank loans and overdrafts are as follows:

	Group		Company	
	31 July 2000 HK\$'000	31 March 1999 HK\$'000	31 July 2000 HK\$'000	31 March 1999 HK\$'000
Bank loans and overdrafts repayable:				
Within one year or on demand	38,148	1,251,506	–	65,628
In the second year	33,718	–	–	–
In the third to fifth years, inclusive	21,027	–	–	–
	<u>92,893</u>	<u>1,251,506</u>	<u>–</u>	<u>65,628</u>
Other loans repayable:				
Within one year or on demand	14,208	155,754	–	–
In the second year	12,828	–	–	–
In the third to fifth years, inclusive	12,829	–	–	–
	<u>39,865</u>	<u>155,754</u>	<u>–</u>	<u>–</u>
Portion due within one year, classified as current liabilities – note 23	<u>(52,356)</u>	<u>(1,407,260)</u>	<u>–</u>	<u>(65,628)</u>
Long term portion	<u>80,402</u>	<u>–</u>	<u>–</u>	<u>–</u>

Notes:

- (a) As at 31 July 2000, the Group's bank loans were secured by a legal charge on the Group's floating craft and vessels with net book values of HK\$101,573,000, fixed and floating charges over the assets of the Company's subsidiary, UMASPG, and a joint and several guarantee from Mr Leung and Mrs Leung.
- (b) As at 31 July 2000, the other loans were secured by certain of the Group's floating craft and vessels with net book values amounting to approximately HK\$40,191,000 and a personal guarantee from Mr Leung, and bear interest at 11% per annum.

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25. FINANCE LEASE PAYABLES

The capital amounts due under finance leases at the balance sheet date were as follows:

	Group	
	31 July 2000 HK\$'000	31 March 1999 HK\$'000
Amounts payable:		
Within one year or on demand	57	31,140
In the second to fifth years, inclusive	284	—
	<hr/>	<hr/>
Total minimum lease payments	341	31,140
Future finance lease charges	(67)	—
	<hr/>	<hr/>
Total net finance lease payables	274	31,140
Portion classified as current liabilities	(48)	(31,140)
	<hr/>	<hr/>
Long term portion	226	—
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26. TRADE PAYABLES

The aged analysis of trade payables is as follows:

	31 July 2000	
	Balance HK\$'000	Percentage
Current	4,964	60
1 – 3 months	1,179	14
3 – 6 months	672	8
6 – 12 months	1,263	15
Over 1 year	236	3
	<hr/>	<hr/>
	8,314	100
	<hr/> <hr/>	<hr/> <hr/>

Trade payables of approximately HK\$259,337,000 as at 31 March 1999 represented the trade payables arising from terminated operations prior to the Effective Date of the Scheme. On the Effective Date, the outstanding balance of these trade payables was fully discharged pursuant to the provisions of the Scheme. No aged analysis for the trade payables as at 31 March 1999 has been prepared, as in the opinion of the directors, a comparison of such an aged analysis with that as at 31 July 2000 is not meaningful.

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27. DEFERRED TAX

	Group	
	31 July 2000 HK\$'000	31 March 1999 HK\$'000
Balance at beginning of period/year	32,352	37,297
Credit for the year (<i>note 11</i>)	(30,455)	(3,823)
Elimination of an unconsolidated subsidiary	–	(978)
Exchange realignments	45	(144)
Acquisition of subsidiaries	3,141	–
Discharged under the Schemes	(1,942)	–
	<u>3,141</u>	<u>–</u>
Balance at end of period/year	<u>3,141</u>	<u>32,352</u>

The provision for deferred tax relates to timing differences arising from accelerated depreciation allowances to the extent that a liability is expected to crystallise in the foreseeable future.

The principal components of the Group's deferred tax assets/(liabilities) not provided for in the financial statements are as follows:

	Group	
	31 July 2000 HK\$'000	31 March 1999 HK\$'000
Accelerated depreciation allowances	485	(91)
Other timing differences	(8)	4,956
Tax losses available for future relief	2,822	64,865
	<u>3,299</u>	<u>69,730</u>
	<u>3,299</u>	<u>69,730</u>

The benefit of any future tax relief, which may arise from past losses incurred by the Company's subsidiaries, has not been included as an asset in the balance sheet because the directors consider it prudent not to recognise the benefit thereof until it is assured beyond reasonable doubt.

Save as those deferred tax liabilities discharged pursuant to the terms of the Scheme, as at 31 July 2000, the Company did not have any significant unprovided deferred tax.

NOTES TO FINANCIAL STATEMENTS

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28. SHARE CAPITAL

	31 July 2000 HK\$'000	31 March 1999 HK\$'000
Ordinary shares		
Authorised:		
1,200,000,000 ordinary shares of HK\$0.10 each	<u>120,000</u>	<u>120,000</u>
Issued and fully paid:		
504,612,390 (31 March 1999: 841,020,650) ordinary shares of HK\$0.10 each	<u>50,461</u>	<u>84,102</u>

Pursuant to the Reorganisation Proposal as further detailed in note 2(a) to the financial statements, on 16 October 1999, the Company proposed the UDL Capital Reorganisation and the Rights Issue, both of which were approved at a special general meeting held on 24 March 2000.

Movements in the issued and fully paid ordinary shares during the period were as follows:

	Number of ordinary shares of HK\$0.10 each '000	Amount HK\$'000
At beginning of period	841,021	84,102
Capital reduction – note (a)(i)	–	(79,897)
Consolidation of shares – note (a)(ii)	(798,970)	–
Rights Issue – note (b)	210,255	21,025
Issue of shares to the Scheme Administrator – note (c)	<u>252,306</u>	<u>25,231</u>
At 31 July 2000	<u>504,612</u>	<u>50,461</u>

NOTES TO FINANCIAL STATEMENTS

31 July 2000

28. SHARE CAPITAL (Continued)

Notes:

- (a) The UDL Capital Reorganisation, which became effective on 28 April 2000, involved the following principal steps:
- (i) the reduction of the issued share capital of the Company from HK\$84,102,065 to HK\$4,205,103 by cancelling its paid-up capital to the extent of HK\$0.095 in respect of each of the existing shares in issue (the credit arising from such reduction amounted to HK\$79,896,962);
 - (ii) the consolidation of every 20 shares of HK\$0.005 each in the capital of the Company following the reduction mentioned in (i) into one new share of HK\$0.10 each; and
 - (iii) the reduction of the share premium account of the Company by an amount of HK\$484,081,575.
- The credit arising from the reduction of issued capital and the share premium account, amounting to approximately HK\$564 million, was applied to offset part of the accumulated losses of the Company.
- (b) The Rights Issue involved the issue of approximately 210 million rights shares to the then existing shareholders on the basis of five rights shares for every share of HK\$0.10 each held by them upon the completion of the UDL Capital Reorganisation. The Rights Issue raised net proceeds of approximately HK\$20 million, and was fully underwritten by Harbour Front, the then controlling shareholder of the Company. Part of the net proceeds from the Rights Issue was applied for implementing the Reorganisation Proposal and financing the acquisition of UMAHK and UMASPG and the remaining will be applied for financing the costs for debt recoveries by the Group and defending litigation or arbitration claims against the Group pursuant to the Restructuring Agreement. These purposes were detailed in the Company's circular to shareholders dated 29 April 2000. The Rights Issue became unconditional on 25 May 2000.
- (c) On 26 May 2000, the Company issued approximately 252 million new shares of HK\$0.10 each to the Scheme Administrator pending distribution to the scheme creditors upon the implementation of the Schemes.

Share options

On 6 September 1991, the Company adopted a share option scheme (the "Option Scheme") under which the directors may, at their discretion, grant to directors and employees of the Group the rights, at the consideration of HK\$1 per grant, to subscribe for shares in the capital of the Company. The maximum number of shares in respect of which share options may be granted under the scheme may not exceed 10% of the issued share capital of the Company from time to time. The Option Scheme will remain in force for a period of ten years from the date of its adoption.