

**26. Share Capital**

	<b>The Company</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
<b>Issued and Fully Paid:</b> (cont'd)		
Balance brought forward	<b>2,064,572</b>	1,998,819
Issue of Nil (1999: 22,988,914) ordinary shares of HK\$1.00 each at HK\$2.69 per share pursuant to a scrip dividend with option for cash	–	22,989
Issue of Nil (1999: 1,550,000) ordinary shares of HK\$1.00 each at HK\$2.548 per share under the 1994 Executive Share Option Scheme	–	1,550
Issue of Nil (1999: 1,000,000) ordinary shares of HK\$1.00 each at HK\$2.44 per share under the 1994 Executive Share Option Scheme	–	1,000
Issue of 80,000 (1999: 830,000) ordinary shares of HK\$1.00 each at HK\$2.24 per share under the 1997 Executive Share Option Scheme	<b>80</b>	830
Issue of 70,220,000 (1999: Nil) ordinary shares of HK\$1.00 each at HK\$1.00 (1999: Nil) per share under the 1997 Executive Share Option Scheme	<b>70,220</b>	–
Share buyback of 468,000 (1999: Nil) ordinary shares of HK\$1.00 each	<b>(468)</b>	–
Issue of 5,528,106,448 (1999: Nil) ordinary shares of HK\$1.00 each pursuant to the bonus issue of 2,590 bonus shares for every 1,000 shares held on 21 August, 2000	<b>5,528,107</b>	–
Reduction in par value of 7,662,510,482 (1999: Nil) ordinary shares from HK\$1.00 each to HK\$0.05 each	<b>(7,279,385)</b>	–
Consolidation of 7,662,510,482 ordinary shares of HK\$0.05 each to 383,125,524 ordinary shares of HK\$1.00 each on the basis of every 20 shares of HK\$0.05 each being consolidated into 1 consolidated share of HK\$1.00 each	–	–
At 31 December		
– 383,125,524 (1999: 2,025,188,100) ordinary shares of HK\$1.00 each	<b>383,126</b>	2,025,188



**26. Share Capital** (cont'd)

The authorised share capital of the Company was increased from HK\$4,000,000,000 to HK\$10,000,000,000 by the creation of 6,000,000,000 new ordinary shares of HK\$1.00 each, as approved by an ordinary resolution passed at the Extraordinary General Meeting held on 9 August, 2000. The authorised but unissued share capital of the Company was subdivided from shares of par value of HK\$1.00 each into twenty shares of HK\$0.05 each upon the capital reduction becoming unconditional and effective on 7 October, 2000. At the same time, all the authorised share capital (including issued share capital), comprising of ordinary shares of HK\$0.05 each, was consolidated into ordinary shares of HK\$1.00 each, on the basis of twenty ordinary shares of HK\$0.05 each into one consolidated ordinary share of HK\$1.00 each. Consequently, the authorised share capital of the Company after the capital restructuring exercise comprises 2,720,615,042 ordinary shares of HK\$1.00 each.

During the year under review, the Company purchased a total of 468,000 shares through The Stock Exchange of Hong Kong Limited for an aggregate consideration of HK\$1,058,050. The shares purchased were subsequently cancelled and accordingly the issued capital of the Company was reduced by the nominal value of those shares. The Directors consider that, as the Company's shares were trading at a discount to the net asset value, such repurchases would enhance the net asset value per share of the Company as well as earnings per share. In addition, 39,383,934 ordinary shares of HK\$1.00 each were issued pursuant to the Scrip Dividend Scheme and 70,300,000 ordinary shares of HK\$1.00 each were issued pursuant to the 1997 Executive Share Option Scheme.

On 22 August, 2000, shareholders have also been allotted bonus shares on the basis of 2,590 bonus shares for every 1,000 existing shares then held, which resulted in 5,528,106,448 ordinary shares of HK\$1.00 each being issued.

On 7 October, 2000, the issued share capital of the Company was reduced whereby the nominal value and paid up amount of the issued shares of HK\$1.00 each was reduced from HK\$1.00 each to HK\$0.05 each and the credit arising therefrom was paid off in cash to shareholders of the Company.

The share options granted by the Company pursuant to the Executive Share Option Scheme approved by shareholders on 8 June, 1994 are as follows:

Date Granted	Exercise Price Per Share HK\$	Balance at Beginning of the Year '000	Granted During the Year '000	Exercised During the Year '000	Cancelled During the Year '000	Balance at End of the Year '000
9 May, 1995	2.548	8,000	-	-	(8,000)	-

An Executive Share Option Scheme (the "1997 Scheme") for executives and/or employees (including the executive directors) of the Company and its subsidiaries was adopted by the Company on 11 June, 1997. Under the 1997 Scheme, the maximum number of shares that may be granted by the Directors shall not exceed 10% of the share capital of the Company in issue on the date of granting any option. The subscription price of shares under the Scheme will be equivalent to 80% of the average of the last dealt prices of shares on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of grant of the option or the nominal value of the shares, whichever is greater.

## 26. Share Capital (cont'd)

The share options granted by the Company pursuant to the 1997 Scheme are as follows:

Date Granted	Exercise Price Per Share HK\$	Balance at Beginning of the Year '000	Granted During the Year '000	Exercised During the Year '000	Waived During the Year '000	Balance at End of the Year '000
13 October, 1997	2.24	80	–	(80)	–	–
13 October, 1997	2.24	82,940	–	(49,400)*	(33,540)	–
12 February, 2000	2.06	–	104,100	(20,820)*	(83,280)	–
		83,020	104,100	(70,300)	(116,820)	–

\* The share options were exercised at an adjusted price of HK\$1.00 each on 10 August, 2000 pursuant to certain conditions under the 1997 Scheme.

## 27. Reserves

	Share Premium HK\$'000	Investment Properties Revaluation Reserve HK\$'000	Other Reserves HK\$'000	Total HK\$'000
<b>The Group</b>				
At 1 January, 1999	3,513,601	129,091	2,055,536	5,698,228
Retained profit for the year	–	–	36,726	36,726
Surplus on revaluation of investment properties	–	74	–	74
Realised revaluation reserve transferred to profit and loss account	–	(40,917)	–	(40,917)
Exchange differences on translation of:				
– financial statements of foreign subsidiaries	–	–	(60,040)	(60,040)
– inter-company balances relating to extension of interests in subsidiaries	–	–	(5,608)	(5,608)
Goodwill on consolidation	–	–	(45,600)	(45,600)
Reserve arising on scrip dividends	–	–	79,804	79,804
Premium on shares issued during the year	4,869	–	–	4,869
At 31 December, 1999	3,518,470	88,248	2,060,818	5,667,536



**27. Reserves** (cont'd)

	Share Premium HK\$'000	Investment Properties Revaluation Reserve HK\$'000	Other Reserves HK\$'000	Total HK\$'000
<b>The Group</b> (cont'd)				
At 1 January, 2000	3,518,470	88,248	2,060,818	5,667,536
Retained profit for the year	–	–	50,625	50,625
Realised revaluation reserve transferred to profit and loss account	–	(88,248)	–	(88,248)
Reserve arising on scrip dividends	–	–	40,959	40,959
Premium on shares issued during the year	99	–	–	99
Share buyback during the year	–	–	(1,058)	(1,058)
Capital redemption reserve arising from share buyback	–	–	468	468
Bonus issue during the year	(3,518,569)	–	(2,009,538)	(5,528,107)
Exchange differences on translation of financial statements of foreign subsidiaries	–	–	526	526
Goodwill on consolidation realised on disposal of subsidiaries	–	–	76,596	76,596
Goodwill on consolidation	–	–	(31,126)	(31,126)
At 31 December, 2000	–	–	188,270	188,270

Included in other reserves is an amount of HK\$Nil (1999: HK\$293,324,000), being the retained profit attributable to associates.

**27. Reserves** (cont'd)

	Share Premium HK\$'000	Other Reserves HK\$'000	Total HK\$'000
<b>The Company</b>			
At 1 January, 1999	3,513,601	583,280	4,096,881
Profit for the year	–	1,778,291	1,778,291
Dividends	–	(602,080)	(602,080)
Exchange differences on foreign exchange contracts entered into to hedge against investment in foreign subsidiaries, net of differences arising from translation of the related assets hedged	–	108,157	108,157
Reserve arising from scrip dividends	–	79,804	79,804
Premium on shares issued during the year	4,869	–	4,869
At 31 December, 1999	3,518,470	1,947,452	5,465,922
At 1 January, 2000	3,518,470	1,947,452	5,465,922
Profit for the year	–	408,528	408,528
Dividends	–	(7,663)	(7,663)
Reserve arising on scrip dividends	–	40,959	40,959
Premium on shares issued during the year	99	–	99
Share buyback during the year	–	(1,058)	(1,058)
Capital redemption reserve arising from share buyback	–	468	468
Bonus issue during the year	(3,518,569)	(2,009,538)	(5,528,107)
Realisation of exchange differences on foreign contracts entered into to hedge against investment in foreign subsidiaries, on disposal of the subsidiaries	–	(201,537)	(201,537)
At 31 December, 2000	–	177,611	177,611

The final dividends relating to 1998 and 1999 and the interim dividend relating to 1999 were satisfied in part by new shares in the Company and in part by the payment of cash. The special dividend relating to 1999 was satisfied by the payment of cash. The difference between the nominal value of the shares issued and their adjusted market value was credited to other reserves.

Under Cayman Islands law, the Company has reserves available for distribution to shareholders of HK\$177,611,000 (1999: HK\$1,947,452,000). Included in this amount are unrealised profits of HK\$Nil (1999: HK\$308,188,000).



## 28. Notes to the Consolidated Cash Flow Statement

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	The Group	
	2000 HK\$'000	1999 HK\$'000
Operating profit	51,082	1,127,610
Add/(Less):		
Interest receivable	(145,404)	(123,625)
Interest payable	4,783	377,125
Finance charges	-	16,829
Dividends receivable	-	(621)
Depreciation charges	2,788	312,917
(Profit)/Loss on sale of fixed assets	(194)	4,076
Amortisation of deferred expenditure	-	21,655
Deferred expenditure written off	-	138
Fixed assets written off	-	1,056
Profit on sale of other securities	(430)	-
Net unrealised loss/(gain) on stating securities at fair value	5,481	(22,383)
	<b>(132,976)</b>	587,167
	<b>(81,894)</b>	1,714,777
(Increase)/Decrease in working capital		
Development properties	-	7,841
Inventories	-	(4,756)
Trade debtors	(22,978)	285,833
Other debtors, deposits and prepayments	(57)	(26,826)
Trade creditors	(24,759)	(90,220)
Rental deposits	(330)	30,057
Other creditors	132,732	448,675
	<b>84,608</b>	650,604
Net cash inflow from operating activities	<b>2,714</b>	2,365,381