

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 18 Share capital, options and warrants *(continued)*

#### (c) Warrants

At 1st January 2000, the Company has 158,979,750 outstanding warrants entitling the holders to subscribe in cash at any time on or after 9th February 1998 to 8th December 2000 for ordinary share of HK\$0.02 each of the Company at an initial subscription price of HK\$0.2 per share, subject to adjustment. During the year, 34,820,145 warrants were exercised. The remaining 124,159,605 warrants lapsed on 8th December 2000 and there were no outstanding warrants at 31st December 2000.

### 19 Reserves

#### Group

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Fixed assets revaluation reserves <i>HK\$'000</i>	Investment properties revaluation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 1999	32,066	1,074	15,965	28,728	1,293	(65,905)	13,221
Issue of shares, net of expenses	3,727	—	—	—	—	—	3,727
Acquisition of a subsidiary	—	—	77	—	—	—	77
Surplus arising on revaluation	—	—	—	893	—	—	893
Loss for the period	—	—	—	—	—	(40,627)	(40,627)
At 31st December 1999	35,793	1,074	16,042	29,621	1,293	(106,532)	(22,709)
Company and subsidiaries	35,793	1,074	16,042	29,621	1,293	(102,087)	(18,264)
Associate	—	—	—	—	—	(4,445)	(4,445)
At 1st January 2000	35,793	1,074	16,042	29,621	1,293	(106,532)	(22,709)
Issue of shares, net of expenses	5,032	—	—	—	—	—	5,032
Surplus arising on revaluation	—	—	—	859	—	—	859
Loss for the year	—	—	—	—	—	(39,020)	(39,020)
At 31st December 2000	40,825	1,074	16,042	30,480	1,293	(145,552)	(55,838)
Company and subsidiaries	40,825	1,074	16,042	30,480	1,293	(141,107)	(51,393)
Associate	—	—	—	—	—	(4,445)	(4,445)
At 31st December 2000	40,825	1,074	16,042	30,480	1,293	(145,552)	(55,838)

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 19 Reserves *(continued)*

#### Company

	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1st April 1999	32,066	1,074	77,001	(96,572)	13,569
Issue of shares, net of expenses	3,727	—	—	—	3,727
Loss for the period	—	—	—	(2,313)	(2,313)
At 31st December 1999	35,793	1,074	77,001	(98,885)	14,983
At 1st January 2000	35,793	1,074	77,001	(98,885)	14,983
Issue of shares, net of expenses	5,032	—	—	—	5,032
Loss for the year	—	—	—	(3,418)	(3,418)
At 31st December 2000	40,825	1,074	77,001	(102,303)	16,597

The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of companies being acquired, and represents the difference between the nominal value of the Company's shares issued and the value of net asset of the companies acquired.

Under the 1981 Companies Act of Bermuda (as amended), the contributed surplus is distributable to the shareholders subject to solvency test.

### 20 Interest-bearing borrowings

	Group	
	2000 HK\$'000	1999 HK\$'000
Bank borrowings:		
Bank overdrafts - secured	13,438	28,605
Bank loans - secured	3,081	25,188
Mortgage loans - secured	99,252	104,690
Total bank borrowings	115,771	158,483
Obligation under finance leases	—	7
Less: current portion shown under current liabilities	(37,105)	(73,420)
Long term portion of interest-bearing borrowings	78,666	85,070

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 20 Interest-bearing borrowings *(continued)*

	Company	
	2000 HK\$'000	1999 HK\$'000
Bank borrowings:		
Bank overdrafts - secured	150	231

At 31st December 2000, the Group's bank loans, overdrafts and other borrowings were repayable as follows:

	Bank loans and overdrafts		Obligation under finance leases	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Within 1 year or on demand	37,105	73,413	—	7
Between 1-2 years	41,560	30,438	—	—
Between 2-5 years	22,126	32,979	—	—
After 5 years	14,980	21,653	—	—
	<b>115,771</b>	158,483	<b>—</b>	7

At 31st December 2000, the bank loans and overdrafts were secured by legal charges on the investment properties, leasehold land and buildings and properties held for resale of the Group with net book value of HK\$144,200,000, HK\$31,700,000 and HK\$1,443,000 respectively.

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### 21 Reconciliation of loss from operations to net cash (outflow)/inflow from operating activities

	Year ended 31st December 2000 HK\$'000	Period from 1st April 1999 to 31st December 1999 HK\$'000
Loss from operations	(17,836)	(24,930)
Interest income	(178)	(490)
Other incidental borrowing cost	(566)	(481)
Surplus on revaluation of properties	—	(248)
Depreciation	3,722	3,121
Loss on disposal/write-off of fixed assets	353	358
Loss on writing-off advances to an associate	36	—
Decrease in inventories	1,401	1,730
Increase in trade and other receivables	(7,233)	(20,263)
Increase in accounts payables and accruals including amounts due to a related company	5,728	71,253
Net cash (outflow)/inflow from operating activities	<b>(14,573)</b>	30,050

### 22 Analysis of changes in financing during the year

	Share capital including premium HK\$'000	Bank loans and mortgage loans HK\$'000	Obligations under finance leases HK\$'000
Balance at 1st April 1999	49,995	115,674	260
Cash inflow from financing	4,141	55,438	—
Cash outflow from financing	—	(41,234)	(253)
Balance at 31st December 1999	54,136	129,878	7
Balance at 1st January 2000	54,136	129,878	7
Cash inflow from financing	62,846	34,302	—
Cash outflow from financing	—	(61,847)	(7)
Balance at 31st December 2000	116,982	102,333	—