

Notes to Financial Statements (Cont'd)

22. Reserves

Company	Capital redemption reserve	Share premium	Capital reserve	Property revaluation reserve	Retained profit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.1999	1,964	316,006	53,585	3,000	915,053	1,289,608
Loss for the year	-	-	-	-	(77,276)	(77,276)
Dividends	-	-	-	-	(8,626)	(8,626)
Premium and brokerage expenses paid on share repurchases	-	-	-	-	(2,366)	(2,366)
Transfer to capital redemption reserve upon share repurchases	1,975	-	-	-	(1,975)	-
At 31.12.1999	<u>3,939</u>	<u>316,006</u>	<u>53,585</u>	<u>3,000</u>	<u>824,810</u>	<u>1,201,340</u>
At 1.1.2000	3,939	316,006	53,585	3,000	824,810	1,201,340
Loss for the year	-	-	-	-	(105,513)	(105,513)
Dividends	-	-	-	-	(6,841)	(6,841)
Premium and brokerage expenses paid on share repurchases	-	-	-	-	(2,790)	(2,790)
Transfer to capital redemption reserve upon share repurchases	2,305	-	-	-	(2,305)	-
At 31.12.2000	<u>6,244</u>	<u>316,006</u>	<u>53,585</u>	<u>3,000</u>	<u>707,361</u>	<u>1,086,196</u>

Group	Capital redemption reserve	Share premium	Capital reserve	Investment property revaluation reserve	Property revaluation reserve	Long-term investment revaluation reserve	Retained profit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.1999	1,964	316,006	120,920	15,125	3,000	(195,149)	914,795	1,176,661
Realised on disposals of long-term listed investments	-	-	(2,538)	-	-	(28,706)	-	(31,244)
Revaluation surplus	-	-	-	600	-	332,097	-	332,697
Loss for the year	-	-	-	-	-	-	(80,408)	(80,408)
Dividends	-	-	-	-	-	-	(8,626)	(8,626)
Premium and brokerage expenses paid on share repurchases	-	-	-	-	-	-	(2,366)	(2,366)
Transfer to capital redemption reserve upon share repurchases	1,975	-	-	-	-	-	(1,975)	-
At 31.12.1999	<u>3,939</u>	<u>316,006</u>	<u>118,382</u>	<u>15,725</u>	<u>3,000</u>	<u>108,242</u>	<u>821,420</u>	<u>1,386,714</u>
Retained by:								
Company and subsidiaries	3,939	316,006	118,382	15,725	3,000	108,242	811,126	1,376,420
Associates	-	-	-	-	-	-	10,294	10,294
	<u>3,939</u>	<u>316,006</u>	<u>118,382</u>	<u>15,725</u>	<u>3,000</u>	<u>108,242</u>	<u>821,420</u>	<u>1,386,714</u>
At 1.1.2000	3,939	316,006	118,382	15,725	3,000	108,242	821,420	1,386,714
Realised on disposals of long-term listed investments	-	-	(64,797)	-	-	2,535	-	(62,262)
Revaluation surplus (deficit)	-	-	-	1,000	-	(327,111)	-	(326,111)
Transferred to profit and loss account upon impairment in value of long-term investments	-	-	-	-	-	136,660	-	136,660
Share of associate's reserve	-	-	-	-	-	(546)	-	(546)
Loss for the year	-	-	-	-	-	-	(105,652)	(105,652)
Dividends	-	-	-	-	-	-	(6,841)	(6,841)
Premium and brokerage expenses paid on share repurchases	-	-	-	-	-	-	(2,790)	(2,790)
Transfer to capital redemption reserve upon share repurchases	2,305	-	-	-	-	-	(2,305)	-
At 31.12.2000	<u>6,244</u>	<u>316,006</u>	<u>53,585</u>	<u>16,725</u>	<u>3,000</u>	<u>(80,220)</u>	<u>703,832</u>	<u>1,019,172</u>
Retained by:								
Company and subsidiaries	6,244	316,006	53,585	16,725	3,000	(79,674)	702,217	1,018,103
Associates	-	-	-	-	-	(546)	1,615	1,069
	<u>6,244</u>	<u>316,006</u>	<u>53,585</u>	<u>16,725</u>	<u>3,000</u>	<u>(80,220)</u>	<u>703,832</u>	<u>1,019,172</u>

Notes to Financial Statements (Cont'd)

23. Reserves available for distribution to shareholders

At balance sheet date, the reserves of the Company available for distribution to shareholders, as calculated under the provision of Section 79B of the Companies Ordinance, amounted to HK\$707,361,000 (1999: HK\$824,810,000).

24. Notes to the consolidated cash flow statement

(a) Reconciliation of loss before taxation to net cash (outflow) inflow from operating activities

	2000 HK\$'000	1999 HK\$'000
Loss before taxation	(105,627)	(80,384)
Depreciation	56	60
Share of results of associates	8,293	790
Loss on disposals of long-term unlisted investments	874	1,099
Net gain on disposals of long-term listed investments	(139,292)	(54,156)
Provision for impairment in value of long-term investments	103,292	121,612
Amount transferred from long-term investment reevaluation reserve on impairment in value of listed investments	136,660	–
Provision for advances to associates	–	2,038
Provision for unsold properties	–	12,736
Unrealised loss (gain) of listed investments held for trading purpose	1,403	(2,773)
Interest expenses	10,330	924
Interest income	(12,585)	(5,415)
Decrease (increase) in – inventories	–	(12,736)
investments held for trading purpose	12,296	–
interests in unconsolidated subsidiaries	(797,150)	–
debtors, deposits and prepayments	(64,238)	22,297
Increase (decrease) in creditors, deposits and accruals	557	(2,913)
	<u>(845,131)</u>	<u>3,179</u>

(b) Analysis of changes in financing during the year

	Secured bank loans HK\$'000	Share capital HK\$'000
Balance at 1.1.1999	–	346,253
Cash outflow from financing	–	(1,975)
Balance at 31.12.1999 and 1.1.2000	–	344,278
Cash inflow (outflow) from financing	483,600	(2,305)
Balance at 31.12.2000	<u>483,600</u>	<u>341,973</u>

Notes to Financial Statements (Cont'd)

25. Pledge of assets

The Group pledged the shares in the unconsolidated subsidiary, certain listed shares and certain investment properties as security for banking facilities extended to the Group in the sum of HK\$716,000,000 (1999: HK\$108,000,000).

The Group pledged the shares in an associate as part of the security for bank loans granted to the associate. The Group has also subordinated and assigned its loan to the associate of HK\$121,131,000 (1999: HK\$117,006,000) to the bank by way of security.

26. Related party transactions

Details of material transactions are as follows:

- (a) Amounts due to and due from associates at the year end are disclosed in note 13. These balances arose in the normal course of business activities.
- (b) As mentioned in note 25, the Group pledged its shares in an associate and subordinated and assigned its loan to the associate of HK\$121,131,000 (1999: HK\$117,006,000) for bank loans granted to the associate.
- (c) As mentioned in note 29, the Group had contingent liabilities of HK\$41,250,000 (1999: HK\$41,250,000) in respect of guarantee for banking facilities granted to an associate.

27. Retirement scheme

The Group operated a defined contribution scheme covering their permanent employees up to 30 November 2000 and from 1 December 2000, all the accrued benefits of the scheme was transferred to the Mandatory Provident Fund Scheme. Under the defined contribution scheme, the Group and its employees were each required to make contributions to the scheme calculated at 5% of the employees' basic salaries on a monthly basis. Under the Mandatory Provident Fund Scheme, the Group and its employees each made contributions to the scheme calculated at 5% of the employees' relevant income on a monthly basis. The amount of contributions charged to the profit and loss account for the year was HK\$293,000 (1999: HK\$307,000). During the year, forfeiture of employer's contributions under the defined contribution scheme of HK\$19,000 (1999: nil) was applied to reduce the Group's contributions.

28. Commitments

At balance sheet date, amounts payable in the following year in respect of leases of properties were as follows:

	<u>Group</u>	
	2000	1999
	HK\$'000	HK\$'000
Leases expiring –		
within one year	94	791
in the second to fifth year inclusive	655	–
	<u>749</u>	<u>791</u>