

Notes to the Financial Statements

Note 15 Trade Debtors and Creditors – Ageing Analysis (Continued)

The ageing analysis of trade creditors was as follows:

(HK\$'000)	Group		Company	
	2000	1999	2000	1999
0 – 30 days	238,549	242,130	–	–
31 – 60 days	8,485	8,164	–	–
61 – 90 days	46	401	–	–
over 90 days	1,123	2,161	–	–
	248,203	252,856	–	–

Note 16 Share Capital

(HK\$'000)	Number of shares	Group and Company	
		2000	1999
Authorised			
Ordinary shares of \$0.25 each	2,000,000,000	500,000	500,000
Issued and fully paid			
Ordinary shares of \$0.25 each			
At 1st January	1,538,304,803	384,576	383,407
Repurchases of shares	(974,000)	(244)	–
Issue of scrip dividends	16,616,325	4,154	1,169
At 31st December	1,553,947,128	388,486	384,576

At 31st December, 2000, the Company had outstanding options granted to directors and employees of the Company to subscribe for 61,600,000 shares of the Company (including 30,800,000 shares at option price of HK\$5.18 per share; 1,000,000 shares at HK\$5.36 per share; 5,200,000 shares at HK\$3.48 per share and 24,600,000 shares at HK\$1.20 per share). From the date of grant, the options are exercisable within a period of five years for those granted to employees and a period of ten years for those granted to directors. During the year, 24,600,000 share options were granted at HK\$1.20 per share.

In May 2000, the Company purchased 974,000 of its own shares in an aggregate consideration of HK\$893,000 on The Stock Exchange of Hong Kong Limited at prices ranging from HK\$0.80 to HK\$0.98 per share. The shares were redeemed by the Company. An amount of HK\$244,000 representing the nominal value of the Company's shares repurchased by the Company was transferred from retained profits to capital redemption reserve and an amount of HK\$649,000 representing premium and brokerage expenses on the repurchases was charged against retained profits as shown in note 17 to the financial statements on page 67.

Note 17 Reserves

(HK\$'000)	Group		Company	
	2000	1999	2000	1999
Capital reserve account				
At 1st January	125,322	182,190	-	-
Goodwill on consolidation written off	-	(56,868)	-	-
Reserve on acquisition of subsidiaries	247	-	-	-
At 31st December	125,569	125,322	-	-
Investment property revaluation reserve account				
At 1st January	-	146,295	-	-
Realised upon disposal of an associate	-	(148,162)	-	-
Deficit to profit and loss account	-	1,867	-	-
At 31st December	-	-	-	-
Share premium account				
At 1st January	3,497,120	3,487,491	3,497,120	3,487,491
Issue of scrip dividend	13,445	9,629	13,445	9,629
At 31st December	3,510,565	3,497,120	3,510,565	3,497,120
Capital redemption reserve account				
At 1st January	4,775	4,775	4,775	4,775
Transfer from profit and loss account	244	-	244	-
At 31st December	5,019	4,775	5,019	4,775
Exchange reserve account				
At 1st January	3,871	6,031	-	-
Exchange translation differences	423	380	-	-
Realised upon disposal of a subsidiary	-	(2,540)	-	-
At 31st December	4,294	3,871	-	-
Profit and loss account				
At 1st January	1,021,853	857,862	518,377	502,163
Profit for the year	278,328	256,289	171,663	108,512
	1,300,181	1,114,151	690,040	610,675
Transfer to capital redemption reserve account	(244)	-	(244)	-
Premium and brokerage expenses paid on shares repurchased	(649)	-	(649)	-
Dividends	(77,697)	(92,298)	(77,697)	(92,298)
At 31st December	1,221,591	1,021,853	611,450	518,377
	4,867,038	4,652,941	4,127,034	4,020,272

At the balance sheet date, reserves of the Company available for distribution to shareholders, as calculated under Section 79B of the Companies Ordinance, amounted to HK\$611,450,000 (1999: HK\$518,377,000).

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Note 17 Reserves (Continued)

The profits retained by the Group are analysed as follows:

(HK\$'000)	Company and subsidiaries	Associates	Jointly controlled entities	Total
Retained profits at 31st December, 2000	1,077,712	159,444	(15,565)	1,221,591
Retained profits at 31st December, 1999	894,310	130,459	(2,916)	1,021,853

Note 18 Long-term Borrowings

(HK\$'000)	Group	
	2000	1999
Bank loans repayable within a period		
Not exceeding 1 year	259,792	229,791
More than 1 year but not exceeding 2 years	3,354,800	1,719,791
More than 2 years but not exceeding 5 years	2,073,650	3,274,133
More than 5 years	49,226	88,609
Less: Current portion included in current liabilities	(259,792)	(229,791)
Subtotal	5,477,676	5,082,533
Other loans repayable within a period		
More than 2 years but not exceeding 5 years	251,388	–
More than 5 years	5,000	233,955
Subtotal	256,388	233,955
Convertible guaranteed bonds	543,200	543,200
Total	6,277,264	5,859,688
Represented by:		
Bank loans (Note a)	5,737,468	5,312,324
Other loans (Note b)	256,388	233,955
Convertible guaranteed bonds (Note c)	543,200	543,200
Less: Current portion included in current liabilities	(259,792)	(229,791)
Total	6,277,264	5,859,688

Notes :

- a) Bank loans to the extent of HK\$4,017,468,000 (1999: HK\$3,582,325,000) are secured by charges on certain assets of the Group including properties for / under development of HK\$10,214,438,000 and vessels of HK\$804,863,000 (1999: HK\$8,350,922,000 and HK\$864,751,000 respectively). The balance is secured by corporate guarantee of the Company. Bank loans to the extent of HK\$1,245,963,000 (1999: HK\$556,325,000) are repayable by instalments.

- b) Other loans are unsecured and amount to the extent of HK\$251,388,000 (1999: HK\$233,955,000) is interest bearing at HIBOR + 1.25% while the balance is non-interest bearing.
- c) In July 1999, a subsidiary issued US\$70 million convertible guaranteed bonds to finance the land premium and development costs of Cheung Sha Wan Shipyards redevelopment project. The bonds carry interest at 4.25% per annum payable annually in arrear. The bonds are guaranteed by the Company and listed on the Luxembourg Stock Exchange. Each holder of the bonds has the option to convert the bonds into shares of HK\$0.25 each of the Company at a conversion price of HK\$2.425 per share, subject to adjustment, with a fixed exchange rate of US\$1.00 = HK\$7.76 at any time between 27th July, 1999 and 20th July, 2004. Unless previously purchased and cancelled, redeemed or converted, the bonds will be redeemed on 27th July, 2004 at 132.5% of their principal amount plus accrued interest. Provision for the premium payable has been made in the accounts so as to provide a constant periodic rate of charge over the term of the bonds.

Note 19 Deferred Items

(HK\$'000)	Group	
	2000	1999
Shipyard relocation in respect of reinstatement cost and land premium on lease less amount amortised		
At 1st January	214,332	238,827
Less: Amount amortised	(24,495)	(24,495)
	189,837	214,332
Less: Current portion included in current liabilities	(24,495)	(24,495)
At 31st December	165,342	189,837

Up to 31st December, 2000, reinstatement cost and compensation received of HK\$367,426,000 (1999: HK\$367,426,000) incurred by the Group for relocating the Group's shipyard have been capitalised as fixed assets.

The reimbursement and compensation received are deferred and amortised to the profit and loss account on the same basis as the related fixed assets are amortised and depreciated. The amount to be amortised in the year ending 31st December, 2001 is classified under current liabilities.

Notes to the Financial Statements

Note 20 Minority Interests and Loans

(HK\$'000)	Group	
	2000	1999
Share of equity	579,434	425,264
Loans from minority shareholders	4,017,660	3,730,806
	4,597,094	4,156,070

Loans from minority shareholders are unsecured and have no specific repayment terms. The Group has not provided any guarantee in favour of the minority shareholders in respect of the loans advanced. Amount to the extent of HK\$2,886,362,000 (1999: HK\$2,762,251,000) is interest bearing at HIBOR + 1.25% while the balance is non-interest bearing.

Note 21 Consolidated Cash Flow Statement

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

(HK\$'000)	2000	1999
Profit before taxation	509,640	525,782
Amortisation and depreciation	180,274	160,636
Provision for diminution in value of investment	1,500	20,000
Interest expenses and finance costs	41,702	34,550
Interest income	(52,385)	(46,450)
Loss on disposal of fixed assets	3,314	5,312
Loss on disposal of interests in subsidiaries	–	8,619
(Surplus) / deficit on revaluation of investment properties	(6,500)	8,867
Share of results of associates	(69,791)	(56,560)
Share of results of jointly controlled entities	3,755	2,916
Dividends from investments	(14,693)	(7,970)
Deferred items written back	(24,495)	(24,495)
Decrease / (increase) in properties for / under development, excluding net finance costs capitalised	221,374	(417,292)
(Increase) / decrease in inventories	(8,616)	3,194
Increase in trade & other debtors, deposits and prepayments	(386,077)	(76,273)
Decrease / (increase) in presold proceeds of properties under development held by stakeholders	738,612	(1,262,829)
(Decrease) / increase in trade & other creditors, deposits and accrued charges	(638,016)	623,019
Net cash inflow / (outflow) from operating activities	499,598	(498,974)

(b) Acquisition of interests in subsidiaries

(HK\$'000)	2000	1999
Net assets acquired		
Fixed assets	12,525	714,702
Associates	-	(3,669)
Joint venture	5,420	-
Investments	-	335
Inventories	-	28,741
Trade & other debtors, deposits and prepayments	2,570	31,915
Cash and bank balances	819	32,177
Trade & other creditors, deposits and accrued charges	(1,409)	(56,738)
Taxation	(20)	(3,170)
Bank loans	-	(304,761)
Other loans	(5,000)	-
Deferred tax	-	(1,724)
Minority interests	-	(126,964)
	14,905	310,844
Interests in associates originally held by the Group	(7,253)	2,786
	7,652	313,630
(Capital reserve) / goodwill on acquisition	(247)	56,868
	7,405	370,498
Satisfied by		
Cash consideration	3,000	165,000
Offset of amount due by the vendor to the Group	4,405	-
Shares in other subsidiaries of the shipping division	-	103,998
Debtor	-	101,500
	7,405	370,498
Analysis of net (outflow) / inflow of cash and cash equivalents in respect of acquisition of interests in subsidiaries		
Cash consideration	(3,000)	-
Cash and bank balances acquired	819	32,177
	(2,181)	32,177

The subsidiaries acquired during the year did not have a significant impact on the Group's cash flows for the year.

Notes to the Financial Statements

Note 21 Consolidated Cash Flow Statement (Continued)

(c) Disposal of interests in subsidiaries

(HK\$'000)	2000	1999
Net assets disposed of		
Associates	-	309,494
Joint ventures	-	594,764
Trade & other debtors, deposits and prepayments	-	5,648
Cash and bank balances	-	12,672
Trade & other creditors, deposits and accrued charges	-	(526)
Minority interests and loans	-	(92,731)
	-	829,321
Loss on disposal	-	(8,619)
Realisation of exchange reserve	-	(2,540)
Realisation of investment property revaluation reserve	-	(148,162)
	-	670,000
Satisfied by		
Cash consideration	-	580,000
Debtors	-	90,000
	-	670,000
Analysis of net inflow of cash and cash equivalents in respect of disposal of interests in subsidiaries		
Cash consideration	-	580,000
Cash and bank balances disposed of	-	(12,672)
	-	567,328

(d) Analysis of changes in financing

(HK\$'000)	Share capital and share premium	Convertible guaranteed bonds	Bank loans	Other loans	Minority interests and loans	Total
At 1st January, 1999	3,870,898	–	4,915,099	1,155	3,326,195	12,113,347
Share of profit	–	–	–	–	186,004	186,004
Share of exchange reserve	–	–	–	–	242	242
Issue of convertible guaranteed bonds	–	543,200	–	–	–	543,200
New loans	–	–	2,838,170	227,273	232,807	3,298,250
Repayment of loans	–	–	(2,745,706)	(105)	(3,200)	(2,749,011)
Interest payable	–	–	–	6,682	188,187	194,869
Acquisition of interests in subsidiaries	–	–	304,761	(1,050)	230,962	534,673
Amount due to a minority shareholder upon acquisition of interests in subsidiaries	–	–	–	–	101,500	101,500
Disposal of interests in subsidiaries	–	–	–	–	(92,731)	(92,731)
Dilution of interests in subsidiaries	–	–	–	–	(82)	(82)
Issue of scrip dividends	10,807	–	–	–	–	10,807
Dividends paid to minority shareholders	–	–	–	–	(13,814)	(13,814)
Expenses for issue of scrip dividends	(9)	–	–	–	–	(9)
At 31st December, 1999	3,881,696	543,200	5,312,324	233,955	4,156,070	14,127,245
Share of profit	–	–	–	–	166,281	166,281
Share of exchange reserve	–	–	–	–	359	359
New loans	–	–	2,265,505	–	124,111	2,389,616
Repayment of loans	–	–	(1,840,361)	–	(44,989)	(1,885,350)
Interest payable	–	–	–	17,433	207,732	225,165
Acquisition of interests in subsidiaries	–	–	–	5,000	–	5,000
Shares repurchased	(244)	–	–	–	–	(244)
Issue of scrip dividends	17,613	–	–	–	–	17,613
Dividends paid to minority shareholders	–	–	–	–	(12,470)	(12,470)
Expenses for issue of scrip dividends	(14)	–	–	–	–	(14)
At 31st December, 2000	3,899,051	543,200	5,737,468	256,388	4,597,094	15,033,201