

22. CREDITORS AND ACCRUED CHARGES

At 31st March, 2001, the balance of creditors and accrued charges included trade creditors of approximately HK\$20,819,000 (2000: HK\$17,219,000). The aged analysis of trade creditors at the reporting date is as follows:

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
0 - 30 days	6,109	4,072
31 - 60 days	4,856	3,933
61 - 90 days	2,202	4,190
91 - 120 days	3,889	2,062
Over 120 days	3,763	2,962
	<u>20,819</u>	<u>17,219</u>

23. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
The obligations under finance leases are repayable within the periods as follows:		
Within one year	—	103
More than one year, but not exceeding two years	—	51
More than two years, but not exceeding five years	—	12
	—	166
Less: Amount due within one year shown under current liabilities	—	(103)
Amount due after one year	<u>—</u>	<u>63</u>

24. BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Rescheduled loans	86,664	—	86,664	—
Short term bank loans	—	441,899	—	295,856
Bank overdrafts	—	86,288	—	32,807
Trust receipts and import loans	—	74,124	—	—
	86,664	602,311	86,664	328,663
The bank borrowings are repayable within the periods as follows:				
Within one year	43,041	602,311	43,041	328,663
More than one year, but not exceeding two years	43,623	—	43,623	—
	86,664	602,311	86,664	328,663
Less: Amount due within one year shown under current liabilities	(43,041)	(602,311)	(43,041)	(328,663)
Amount due after one year	43,623	—	43,623	—

As explained in note 3, the Group underwent a bank debt restructuring exercise with the Bank Creditors during the year. After the completion of the bank debt restructuring exercise on 11th January, 2001, the remaining unpaid bank borrowings of the Group and the Company are rescheduled by the Bank Creditors as rescheduled loans, which are repayable by eight instalments and will be fully repaid on 11th January, 2003.

Details of pledge of assets for the bank borrowings are set out in note 32 to the financial statements.

25. DEFERRED TAXATION

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Balance at beginning of the year	44	51
Movement for the year (<i>note 13</i>)	(44)	(7)
Balance at end of the year	<u>—</u>	<u>44</u>

At the balance sheet date, the major components of the total potential deferred taxation (assets) liabilities, including the amounts of which provision has been made, are as follows:

	Total potential (assets) liabilities		Amount provided		Amount unprovided	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
THE GROUP						
Tax effect of timing differences attributable to:						
Excess of tax allowances of property, plant and equipment over accounting depreciation	2,976	4,601	—	44	2,976	4,557
Taxation losses	(44,051)	(45,697)	—	—	(44,051)	(45,697)
Net deferred tax (assets) liabilities	<u>(41,075)</u>	<u>(41,096)</u>	<u>—</u>	<u>44</u>	<u>(41,075)</u>	<u>(41,140)</u>

No provision for deferred taxation assets has been made in respect of timing differences which are not expected to be realised in the foreseeable future.

At the balance sheet date, the Company had unprovided deferred taxation assets of approximately HK\$3,303,000 (2000: HK\$2,727,000) in respect of taxation losses carried forward.

26. SHARE CAPITAL

	Number of shares	Par value per ordinary share <i>HK\$</i>	Share capital <i>HK\$'000</i>
Authorised:			
At 1st April, 1999 and 31st March, 2000	1,000,000,000	0.10	<u>100,000</u>
Creation of new unissued shares upon capital reduction	3,374,917,200		
Subdivision of 1 ordinary share to 10 ordinary shares on 11th January, 2001	<u>5,625,082,800</u>		
At 31st March, 2001	<u>10,000,000,000</u>	0.01	<u>100,000</u>
Issued and fully paid:			
At 1st April, 1999 and 31st March, 2000	374,990,800	0.10	37,499
Reduction of issued share capital from HK\$0.10 each to HK\$0.01 each on 11th January, 2001	<u>—</u>		<u>(33,749)</u>
	374,990,800	0.01	3,750
Issue of shares to First Century Holdings Limited for cash at the subscription price of HK\$0.05 per share on 11th January, 2001 (the "Subscription Shares")	2,000,000,000	0.01	20,000
Issue of shares to Bank Creditors for partial settlement of the bank borrowings at HK\$0.34 per share on 11th January, 2001 (the "Bank Shares")	1,242,805,271	0.01	12,428
Issue of shares upon exercise of warrants	<u>1,922,000</u>	0.01	<u>19</u>
At 31st March, 2001	<u>3,619,718,071</u>		<u>36,197</u>

During the year, the Group underwent a capital reorganisation and bank debt restructuring exercise with the Bank Creditors (see note 3).

In order to implement the transactions contemplated under the Subscription Agreement and the Bank Debt Restructuring Agreement and to issue the Subscription Shares, Bank Shares and bonus warrants, the Company implemented the capital reduction and subdivision whereby the nominal value of its issued and unissued shares of nominal value of HK\$0.10 per share was reduced to HK\$0.01 per new share in accordance with the laws of Bermuda. The capital reduction and subdivision were approved by the shareholders of the Company at an extraordinary general meeting held on 29th December, 2000.

26. SHARE CAPITAL *(continued)*

The nominal value of each issued ordinary share in the capital of the Company was reduced from HK\$0.10 each to HK\$0.01 each so that the issued share capital was reduced from approximately HK\$37,499,000 to approximately HK\$3,750,000. The credit of approximately HK\$33,749,000 arising from the capital reduction was applied towards the partial elimination of the accumulated losses of the Company. The nominal value of all the unissued shares in the authorised share capital were changed to HK\$0.01 by subdividing every unissued share of HK\$0.10 into ten unissued new shares of HK\$0.01 each.

On 11th January, 2001, the date of completion of the Subscription Agreement, the Company allotted and issued 2,000,000,000 new shares of HK\$0.01 each to First Century Holdings Limited at the subscription price of HK\$0.05 per share for cash. An amount of HK\$90 million from the net proceeds was utilised to partially repay the bank borrowings while the balance is for working capital.

On 11th January, 2001, the date of completion of the Bank Debt Restructuring Agreement, the Company allotted and issued 1,242,805,271 new shares of HK\$0.01 each to the Bank Creditors at HK\$0.34 per share for partial settlement of the Group's bank borrowings amounting to approximately HK\$422,554,000.

These shares rank *pari passu* with existing shares in all respects.

Share options

Pursuant to the share option scheme (the "Scheme") adopted by the Company on 19th February, 1992, the directors may grant share options to executive directors and employees of the Company and of its subsidiaries to subscribe for shares in the Company in accordance with the terms of the Scheme. The maximum number of shares in respect of which share options may be granted under the Scheme and any other scheme of the Company in aggregate shall not exceed 10% of the issued share capital of the Company from time to time.

At 1st April, 2000, there were 37,600 (2000: 37,600) outstanding share options at an exercise price of HK\$0.83 per share. Such outstanding share options are exercisable from 2nd January, 1998 to 1st January, 2001 (both days inclusive). No such share options were exercised during the year and lapsed on 1st January, 2001.

No new share options were granted by the Company under the Scheme during the year.

Warrants

Pursuant to the Bank Debt Restructuring Agreement, the Company granted warrants by way of bonus issue to the shareholders whose names appeared on the register of members of the Company on 1st February, 2001 on the basis of one warrant for every five shares held on that date. A total of 723,559,214 units of warrants with subscription rights of approximately HK\$36,178,000 were therefore issued. Each warrant entitles the holder thereof to subscribe in cash at an initial subscription price of HK\$0.05 per share, subject to adjustment, for one share at any time within a period of three years from 9th February, 2001, the date on which dealings in the warrants on the Stock Exchange commenced.

During the year, warrants carrying subscription rights of HK\$96,100 were exercised.

At 31st March, 2001, exercise in full of the outstanding warrants would result in the issue of an additional 721,637,214 ordinary shares of HK\$0.01 each by the Company.

27. RESERVES

	Share premium	Translation reserve	Capital reserve	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
THE GROUP					
At 1st April, 1999	48,125	(5,006)	18,759	(445,731)	(383,853)
Currency realignment	—	(529)	—	—	(529)
Realised on winding up of a subsidiary	—	138	—	—	138
Net loss for the year	—	—	—	(51,164)	(51,164)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st March, 2000 and 1st April, 2000	48,125	(5,397)	18,759	(496,895)	(435,408)
Currency realignment	—	157	—	—	157
Transfer to set off accumulated losses upon capital reduction	(48,125)	—	—	48,125	—
Premium on issue of Subscription Shares	80,000	—	—	—	80,000
Premium on issue of Bank Shares	410,126	—	—	—	410,126
Expenditure incurred for issue of Subscription Shares and Bank Shares	(7,889)	—	—	—	(7,889)
Premium on issue of shares upon exercise of warrants	77	—	—	—	77
Transfer of share capital to set off accumulated losses upon capital reduction	—	—	—	33,749	33,749
Net loss for the year	—	—	—	(32,766)	(32,766)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31st March, 2001	<u>482,314</u>	<u>(5,240)</u>	<u>18,759</u>	<u>(447,787)</u>	<u>48,046</u>

27. RESERVES *(continued)*

	Share premium	Translation reserve	Capital reserve	Accumulated losses	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
THE COMPANY					
At 1st April, 1999	48,125	—	—	(432,029)	(383,904)
Net loss for the year	—	—	—	(44,863)	(44,863)
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At 31st March, 2000 and 1st April, 2000	48,125	—	—	(476,892)	(428,767)
Transfer to set off accumulated losses upon capital reduction	(48,125)	—	—	48,125	—
Premium on issue of Subscription Shares	80,000	—	—	—	80,000
Premium on issue of Bank Shares	410,126	—	—	—	410,126
Expenditure incurred for issue of Subscription Shares and Bank Shares	(7,889)	—	—	—	(7,889)
Premium on issue of shares upon exercise of warrants	77	—	—	—	77
Transfer of share capital to set off accumulated losses upon capital reduction	—	—	—	33,749	33,749
Net loss for the year	—	—	—	(40,727)	(40,727)
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At 31st March, 2001	482,314	—	—	(435,745)	46,569

The balance of capital reserve represents the capital reserve of HK\$17,900,000 arising from the group restructuring taken place in 1992 and the share of capital reserve of HK\$859,000 of a subsidiary in the PRC.

As at 31st March, 2001, the Company did not have any reserves distributable to shareholders (2000: nil).