

Notes to the Financial Statements

For the Year ended 31st March, 2001

44. ACQUISITION OF SUBSIDIARIES

	2001 HK\$'000	2000 HK\$'000
Net liabilities assumed:		
Properties under development	—	65,931
Investment in securities	—	90,000
Short-term loans	—	16,051
Amount due to former ultimate holding company	—	(106,063)
Amount due to the Group	—	(65,931)
	<u>—</u>	<u>—</u>
Net liabilities	—	(12)
Goodwill arising on acquisition	—	12
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
Satisfied by:		
Cash consideration paid	<u>—</u>	<u>—</u>

The subsidiaries acquired during the year ended 31st March, 2000 did not have significant impact on the Group's cash flows, turnover and operating results.

Notes to the Financial Statements

For the Year ended 31st March, 2001

45. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital	Share premium	Warrant reserve	Convertible notes	Minority interests	Obligations under finance leases	Bank loans	Other long-term loans	Other loan	Amount due to a jointly controlled entity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 1999	9,351	—	—	—	6,775	584	8,866	174,800	—	—
Issue of shares for cash on exercise of warrants and options	62,132	88,396	—	—	—	—	—	—	—	—
Expenses incurred in connection with the issue of shares	—	(6,022)	—	—	—	—	—	—	—	—
Proceeds from issue of warrants	—	—	28,625	—	—	—	—	—	—	—
Expenses incurred in connection with the issue of warrants	—	—	(1,871)	—	—	—	—	—	—	—
Share of loss by minority shareholders	—	—	—	—	(148)	—	—	—	—	—
Acquired on increasing the Group's interest in a subsidiary	—	—	—	—	(6,114)	—	—	—	—	—
Dividend paid to minority shareholders	—	—	—	—	(26)	—	—	—	—	—
Issue of convertible notes	—	—	—	70,000	—	—	—	—	—	—
Borrowings raised	—	—	—	—	—	—	—	—	—	107,742
Repayment of borrowings	—	—	—	—	—	(470)	(163)	(149,285)	—	(70,293)
Waiver of a portion of borrowings	—	—	—	—	—	—	—	(25,515)	—	—
At 31st March, 2000	<u>71,483</u>	<u>82,374</u>	<u>26,754</u>	<u>70,000</u>	<u>487</u>	<u>114</u>	<u>8,703</u>	<u>—</u>	<u>—</u>	<u>37,449</u>

Notes to the Financial Statements

For the Year ended 31st March, 2001

45. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR - continued

	Share capital HK\$'000	Share premium HK\$'000	Warrant reserve HK\$'000	Convertible notes HK\$'000	Minority interests HK\$'000	Obligations under finance leases HK\$'000	Bank loans HK\$'000	Other long-term loans HK\$'000	Other loan HK\$'000	Amount due to a jointly controlled entity HK\$'000
At 31st March, 2000	71,483	82,374	26,754	70,000	487	114	8,703	—	—	37,449
Issue of shares for cash on share placement and exercise of warrants and options	15,250	6,783	—	—	—	—	—	—	—	—
Expenses incurred in connection with the issue of shares	—	(520)	—	—	—	—	—	—	—	—
Shares repurchased and cancelled	(174)	(365)	—	—	—	—	—	—	—	—
Partial disposal of a subsidiary to minority shareholders	—	—	—	—	44,050	—	—	—	—	—
Loss attributable to the partial disposal of a subsidiary to the minority shareholders by the Group	—	—	—	—	839	—	—	—	—	—
Dividend paid to minority shareholders	—	—	—	—	(153)	—	—	—	—	—
Share of reserve by minority shareholders	—	—	—	—	398	—	—	—	—	—
Share of loss by minority shareholders	—	—	—	—	(14,156)	—	—	—	—	—
Redemption of convertible notes	—	—	—	(70,000)	—	—	—	—	—	—
Transfer to capital redemption reserve	—	(174)	—	—	—	—	—	—	—	—
Off-set bank borrowings against the proceeds from the disposal of property under development (note 47(a))	—	—	—	—	—	—	(31,304)	—	—	—
Inception of finance leases (note 47(b))	—	—	—	—	—	221	—	—	—	—
Borrowings raised	—	—	—	—	—	—	22,601	—	13,000	—
Repayment of borrowings	—	—	—	—	—	(158)	—	—	—	(37,449)
At 31st March, 2001	86,559	88,098	26,754	—	31,465	177	—	—	13,000	—

Notes to the Financial Statements

For the Year ended 31st March, 2001

46. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2001 HK\$'000	2000 HK\$'000
Bank balances and cash	37,306	161,619
Trust receipts and import loans	(10,205)	—
Short-term bank loans	(8,536)	(34,000)
Bank overdrafts	(5,024)	(52)
	<u>13,541</u>	<u>127,567</u>

47. MAJOR NON-CASH TRANSACTIONS

- (a) Proceeds receivable for the disposal of property under development amounting to HK\$31,304,000 (2000: nil) were settled by transferring the bank borrowings to the purchaser.
- (b) The Group entered into finance leases in respect of property, plant and equipment with a total capital value at the inception of the leases of HK\$221,000 (2000: nil).

48. OPERATING LEASE COMMITMENTS

As at the balance sheet date, the Group were committed to make the following rental payments for land and buildings within one year under non-cancellable operating leases, as follows:

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
Operating leases which expire:		
Within one year	6,855	11,911
In the second to fifth year inclusive	20,010	14,744
	<u>26,865</u>	<u>26,655</u>

The Company did not have any significant commitments under non-cancellable operating leases at the balance sheet date.

Notes to the Financial Statements

For the Year ended 31st March, 2001

49. COMMITMENTS

	THE GROUP		THE COMPANY	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment	24,351	15,701	—	56
Capital expenditure authorised but not contracted for in respect of acquisition of property, plant and equipment	—	799	—	799
	<u>24,351</u>	<u>16,500</u>	<u>—</u>	<u>855</u>

At 31st March, 2001, the Group had an outstanding commitment of HK\$49,515,000 (2000: nil) in respect of the acquisition of a subsidiary in the PRC (note 28(a)).

50. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given to financial institutions in respect of credit facilities extended to:				
Subsidiaries	—	—	13,740	42,935
A former associate	—	64,406	—	64,406
	<u>—</u>	<u>64,406</u>	<u>13,740</u>	<u>107,341</u>

At 31st March, 2001 and 2000, the Company and certain of its subsidiaries are parties to various legal claims and counterclaims. In the opinion of the directors, the ultimate resolution of these claims, counterclaims and threatened litigations would not have a material adverse impact on the financial position of the Group and the Company.