

**22 RESERVES (Continued)**

<b>Company</b>	<b>Capital</b>				<b>Total</b>
	<b>Share Contributed</b>		<b>redemption</b>	<b>Retained</b>	
	<b>premium</b>	<b>surplus</b>	<b>reserve</b>	<b>profits</b>	
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
At 1st April, 1999	636,102	444,530	4,462	1,587,893	2,672,987
Profit for the year	—	—	—	144,819	144,819
Dividends	—	(22,160)	—	—	(22,160)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March, 2000	<u>636,102</u>	<u>422,370</u>	<u>4,462</u>	<u>1,732,712</u>	<u>2,795,646</u>
At 1st April, 2000	636,102	422,370	4,462	1,732,712	2,795,646
Premium on issue					
of shares	1,100	—	—	—	1,100
Share issue expenses	(955)	—	—	—	(955)
Loss for the year	—	—	—	(10,981)	(10,981)
Dividends	—	(6,640)	—	—	(6,640)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31st March, 2001</b>	<b><u>636,247</u></b>	<b><u>415,730</u></b>	<b><u>4,462</u></b>	<b><u>1,721,731</u></b>	<b><u>2,778,170</u></b>

The contributed surplus which arose as a result of a group reorganisation in 1991 is distributable to shareholders under the Companies Act 1981 of Bermuda. However, the Company shall not declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due;
- or
- (b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

## 2.2 RESERVES (Continued)

Distributable reserves of the Company as at 31st March, 2001 amounted to HK\$2,137,461,000 (2000: HK\$2,155,082,000).

Capital redemption reserve arose upon the purchase of own shares by the Company. An amount equivalent to the nominal value of the shares purchased and cancelled was transferred from contributed surplus to capital redemption reserve.

## 2.3 MINORITY INTERESTS

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Equity interests		
Third parties	756,518	778,604
Related party	(1,579)	—
	754,939	778,604
	754,939	778,604
Amounts due to minority shareholders		
Third parties	62,245	51,680
Related party	1,800	—
	64,045	51,680
	64,045	51,680
	818,984	830,284

The related party is a company owned and controlled by two of the directors of the Company.

The amounts due to minority shareholders are unsecured, interest free and have no fixed terms of repayment except for an amount of HK\$30,500,000 (2000: HK\$Nil) which carries interest at 1% per month and is repayable after 3 years from date of advance or 31st December 2002, whichever is later.

**24 LONG TERM LIABILITIES**

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans – secured		
Wholly repayable within five years	<b>486,792</b>	805,952
Not wholly repayable within five years	<b>770,623</b>	487,535
	<u>1,257,415</u>	<u>1,293,487</u>
Loan from a financial institution – secured		
Wholly repayable within five years	<b>72,325</b>	66,691
Obligations under finance leases		
Wholly repayable within five years	<b>2,717</b>	—
Not wholly repayable within five years	<b>—</b>	792
	<u>2,717</u>	<u>792</u>
	<b>1,332,457</b>	1,360,970
Amounts due within one year included under current liabilities	<b>(261,979)</b>	(185,677)
	<u><b>1,070,478</b></u>	<u>1,175,293</u>

**24 LONG TERM LIABILITIES (Continued)**

The maturity of the Group's long term liabilities is as follows:

	Bank loans		Loan from a financial institution		Obligations under finance leases	
	2001	2000	2001	2000	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	<b>187,773</b>	118,872	<b>72,325</b>	66,691	<b>1,881</b>	114
In the second year	<b>145,068</b>	240,063	—	—	<b>261</b>	117
In the third to fifth year inclusive	<b>394,932</b>	591,291	—	—	<b>575</b>	431
After the fifth year	<b>529,642</b>	343,261	—	—	—	130
	<b><u>1,257,415</u></b>	<u>1,293,487</u>	<b><u>72,325</u></b>	<u>66,691</u>	<b><u>2,717</u></b>	<u>792</u>

At the balance sheet date, the Group's borrowing facilities were secured by certain properties, including investment properties, land and buildings, properties held for sale and properties held for/under development, with an aggregate net book value of HK\$3,187,727,000 (2000: HK\$2,964,446,000).

Loan from a financial institution is guaranteed by the minority shareholder of a subsidiary in respect of its share of the equity interest in the subsidiary and the guarantee amounted to HK\$21,697,000 (2000: HK\$20,007,000).

Subsequent to the balance sheet date, the Group has agreed with the relevant bank to replace long term bank loans of HK\$435,000,000 as at 31st March, 2001 with long term bank loans of HK\$600,000,000. Accordingly, the current and long term portions of the long term bank loans of HK\$435,000,000 as at 31st March, 2001 have been classified based on the repayment schedules of the new long term bank loans of HK\$600,000,000.

## 25 DEFERRED TAXATION

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	<b>1,170</b>	1,254
Translation differences	<b>(49)</b>	186
Transfer to profit and loss account ( <i>note 7</i> )	<b>(203)</b>	(270)
	<hr/>	<hr/>
At the end of the year	<b>918</b>	1,170
	<hr/> <hr/>	<hr/> <hr/>
Provided in the accounts in respect of accelerated depreciation allowances	<b>918</b>	1,170
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The potential deferred tax assets as at 31st March, 2001 for which no provision has been made in the accounts, on the basis that there is no reasonable certainty of crystallisation in the foreseeable future, amounted to:

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Accelerated depreciation allowances	<b>(119)</b>	(218)
Unutilised tax losses	<b>(142,210)</b>	(95,968)
	<hr/>	<hr/>
	<b>(142,329)</b>	(96,186)
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As at 31st March, 2001, unutilised tax losses of HK\$94,983,000 (2000: HK\$53,378,000) have not yet been agreed by the relevant tax authorities.

Deferred tax on the revaluation surplus and deficit of the investment properties in Hong Kong has not been quantified as this does not constitute a timing difference for deferred taxation purpose.

## 25 DEFERRED TAXATION (Continued)

Realisation of the surplus on revaluation of the Group's properties in the PRC and Malaysia would give rise to a taxation liability in the PRC and Malaysia. No provision has been made in the accounts for this liability as these properties are held for the long term and the directors have no intention to dispose of these properties in the foreseeable future.

No provision for deferred taxation has been made for profits retained in overseas subsidiaries as no material taxes will arise on the remittance of the overseas retained profits.

## 26 CONTINGENT LIABILITIES

	Group		Company	
	2001	2000	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Guarantees for bank loans, loan from a financial institution and overdrafts of subsidiaries	—	—	<b>1,305,292</b>	1,316,200
Guarantees for the due and punctual payment by the Group of the amounts due to the business partner and supplier	<b>7,000</b>	7,000	—	—
Guarantees for mortgage loans made by a bank to purchasers of properties sold by the Group	<b>2,098</b>	164	—	—
	<b>9,098</b>	7,164	<b>1,305,292</b>	1,316,200

## 27 CAPITAL COMMITMENTS

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorised but not contracted for		
Acquisition of property	—	19,942
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Contracted but not provided for		
Property development expenditure	<b>58,633</b>	74,092
Acquisition of property	<b>15,898</b>	—
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	<b>74,531</b>	74,092
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	<b>74,531</b>	94,034
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## 28 COMMITMENTS UNDER OPERATING LEASES

As at 31st March, 2001, the Group had commitments to make payments in the next twelve months under operating leases in respect of land and buildings which expire as follows:

	<b>Group</b>	
	<b>2001</b>	<b>2000</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	—	796
In the second to fifth years inclusive	<b>3,554</b>	3,120
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	<b>3,554</b>	3,916
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**29 NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**

**(a) Reconciliation of operating profit to net cash inflow from operating activities**

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit	3,534	277,843
Interest income	(39,875)	(49,218)
Dividend income from listed investments	(171)	(497)
Depreciation	10,036	10,086
Forfeiture of proceeds received from the warrants of a listed subsidiary upon its expiration	(3,678)	(33,836)
Reversal of cost of properties held for sale recognised as cost of sales in prior years upon termination of sales agreement	—	(47,141)
Waive of loan from a financial institution	—	(10,700)
(Surplus)/deficit arising on revaluation of investment properties	(7,532)	7,532
Write back of provision for claims of sales deposits forfeited	—	(5,040)
Loss on deemed disposal of – a listed subsidiary	2,080	—
– a listed associated company	6,790	—
Loss on liquidation of subsidiaries	—	3,382
Loss on disposal of other fixed assets	1,869	267
Loss on disposal of investment property	1,705	—
Gain on deemed disposal of a subsidiary	(20,704)	—
Gain on disposal of land and buildings outside Hong Kong	(1,043)	—
Gain on disposal of subsidiaries	—	(4,695)
Gain on disposal of investment securities	—	(64,901)
Provision for amounts due from and loans to associated companies	982	12,584
Provision for inventories	3,055	—