

18. LOAN RECEIVABLE AND DEFERRED INCOME

The loan represented an advance of HK\$200 million in May 1997 by a then 60% owned subsidiary of the Company (the "Lender") to a purchaser (the "Property Purchaser") for the acquisition of certain properties in the PRC developed by the Group. The amount was originally unsecured, interest-free and repayable by two equal instalments in May 1999 and May 2000.

On 15th July, 1999, a deed of set-off (the "Deed") was entered into by the Group with the Property Purchaser, from whom the Group leased back the subject properties under a tenancy agreement (the "Tenancy Agreement"). Pursuant to the Deed, the loan receivable of HK\$200 million due from the Property Purchaser was partly offset by the net overdue rentals and resulting penalty charges totalling approximately HK\$128 million payable by the Group to the Property Purchaser (after a settlement of HK\$19.4 million by the Group), while the remaining loan receivable balance of approximately HK\$72 million (the "Net Balance") should be repaid on or before 26th May, 2000. The penalty charges for the year ended 31st March, 2000 of approximately HK\$48 million were charged to the profit and loss account for year ended 31st March, 2000.

Following the expiry of the Tenancy Agreement, the Group entered into a new tenancy agreement in August 1999 with the Property Purchaser for a lease term of 13 years, with a reduced rental and a reduction in penalty charge on overdue rental to 2% per month.

On 6th September, 1999, the Group and the Property Purchaser signed a consent letter whereby both parties agreed that (i) interest of 3% per month should be charged on the Net Balance; (ii) the Net Balance together with the interest accrued thereon should be repaid on or before 26th May, 2000; and (iii) a charge should be executed on the entire share capital of the Property Purchaser to secure the Net Balance and accrued interest. Accordingly, the Net Balance of approximately HK\$72 million, together with the interest accrued thereon of approximately HK\$19 million, as at 31st March, 2000, was classified as a loan receivable and disclosed as a current asset.

For the period from 1st April, 2000 to 31st July, 2000 (the completion date of the disposal of the Disposal Group), the Group accrued interest of approximately HK\$9 million.

The Lender is one of the companies of the Disposal Group and, accordingly, the loan receivable of approximately HK\$99,835,000 was disposed of after the completion of the disposal of the Disposal Group on 31st July, 2000.

The finance income in connection with such loan, being the difference between the sales prices with and without the above deferred terms, of HK\$43,985,000 was treated as deferred income and was amortised to the profit and loss account on a basis which reflects the effective yields on the amount of proceeds receivable over the interest-free period. The movements in deferred income during the year were as follows:

	GROUP	
	2001	2000
	HK\$'000	HK\$'000
Deferred income:		
Balance at beginning and end of year	<u>43,985</u>	<u>43,985</u>
Amortisation:		
Balance at beginning of year	(42,771)	(31,072)
Provided during the year	<u>(1,214)</u>	<u>(11,699)</u>
Balance at end of year	<u>(43,985)</u>	<u>(42,771)</u>
Amount to be amortised within twelve months included in current liabilities	<u>—</u>	<u>1,214</u>

19. PROPERTIES HELD FOR SALE

	GROUP	
	2001 HK\$'000	2000 HK\$'000
Balance at beginning of year	78,744	86,038
Disposal of subsidiaries	(78,744)	—
Transferred to the Group as part of the Disposal (note 32(i))	5,400	—
Properties transferred from trade receivables in lieu of cash settlement	—	17,994
Transferred from investment properties of HK\$108,085,000 (note 12), net of investment properties revaluation surplus of HK\$15,228,000 (note 27)	92,857	—
Provisions against properties held for sale	(47,257)	(25,288)
Balance at end of year	<u>51,000</u>	<u>78,744</u>

The properties held for sale of the Group and Company are stated at their net realisable values at 31st March, 2001 and 31st March, 2000.

20. INVENTORIES

	GROUP	
	2001 HK\$'000	2000 HK\$'000
Food and beverages	—	1,514
Restaurant supplies	—	1,208
Department store merchandise	—	5,101
	<u>—</u>	<u>7,823</u>

21. AMOUNTS DUE TO A MINORITY SHAREHOLDER OF A SUBSIDIARY/AMOUNT DUE TO A RELATED COMPANY

The balances were unsecured, interest-free and were disposed of as part of the disposal of the Disposal Group during the year.

22. FINANCE LEASE PAYABLE

There was obligation under a finance lease at the balance sheet date as follows:

	GROUP	
	2001 HK\$'000	2000 HK\$'000
Amounts payable:		
Within one year	458	550
In the second year	—	458
Total minimum finance lease payments	458	1,008
Future finance charges	(83)	(183)
Total net finance lease payable	375	825
Portion classified as current liabilities	(375)	(450)
Non-current portion	<u>—</u>	<u>375</u>

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	GROUP		COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Bank loans and overdrafts:				
Secured	—	694,608	—	—
Unsecured	—	266,357	—	—
	<u>—</u>	<u>960,965</u>	<u>—</u>	<u>—</u>
Other loans:				
Secured	293,443	238,074	—	—
Unsecured	43,095	630	43,095	—
	<u>336,538</u>	<u>238,704</u>	<u>43,095</u>	<u>—</u>
	336,538	1,199,669	43,095	—
Portion repayable within one year or on demand classified as current liabilities:				
Bank loans and overdrafts	—	(960,965)	—	—
Other loans	(43,095)	(630)	(43,095)	—
	<u>(43,095)</u>	<u>(961,595)</u>	<u>(43,095)</u>	<u>—</u>
Non-current portion	<u>293,443</u>	<u>238,074</u>	<u>—</u>	<u>—</u>

The maturity terms of the above amounts are as follows:

	GROUP		COMPANY	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Repayable:				
Within one year or on demand	43,095	961,595	43,095	—
In the second year	293,443	238,074	—	—
	<u>336,538</u>	<u>1,199,669</u>	<u>43,095</u>	<u>—</u>

As at 31st March, 2000, Mr. Wong Chun Hung, Vincent (“Mr. Wong”) and Ms. Wong Fong Yee, Elisa, Directors of the Company, had provided personal guarantees for the Group’s banking facilities to the extent of approximately HK\$79 million.

The secured other loan carries floating interest rates calculated by reference to the Hong Kong dollar prime rate and is not repayable within one year. The interest rates thereon at the balance sheet date ranged from 10.00% to 13.00% per annum.

The unsecured other loans either carry at fixed interest rates or floating interest rates calculated by reference to the Hong Kong dollar prime rate. The interest rates thereon at the balance sheet date ranged from 8.50% to 19.88% per annum. Mr. Wong has provided personal guarantees for the Group’s other loans to the extent of approximately HK\$20 million as at 31st March, 2001.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

As at 31st March, 2000, the Group was in default with respect to installment repayments of certain mortgage loans and term loans totalling HK\$43 million and certain other bank loans with an aggregate outstanding balance of HK\$110 million. These loans were repayable on demand and therefore classified as current liabilities. On 31st July, 2000, all these loans were disposed of as part of the disposal of the Disposal Group.

As at 31st March, 2001, the Group was in default of repayments of certain other loans totalling approximately HK\$28 million. These loans were repayable on demand and, therefore, classified as current liabilities.

Subsequent to the balance sheet date, all overdue other loans of HK\$28 million were settled in April/May 2001 (note 33(b)).

24. AMOUNTS DUE TO DIRECTORS

The balances were unsecured, interest-free and were fully repaid during the year.

25. LOAN FROM A MINORITY SHAREHOLDER OF A SUBSIDIARY

The balance was unsecured, interest-free and was waived by the minority shareholder of a subsidiary during the year. The loan was used to finance a deposit paid for a property project, which was fully provided for by the Group in prior years.

26. SHARE CAPITAL

Shares

	<i>Notes</i>	COMPANY Number of ordinary shares of HK\$0.01each	HK\$'000
Authorised:			
Balance at beginning of year		20,000,000,000	200,000
Created during the year	(f)	<u>30,000,000,000</u>	<u>300,000</u>
Balance at end of year		<u><u>50,000,000,000</u></u>	<u><u>500,000</u></u>
Issued and fully paid:			
Balance at beginning of year		5,957,128,747	59,571
Placement of new shares	(a), (b), (c) and (e)	5,923,000,000	59,230
Exercise of share options	(h)	906,000,000	9,060
Issue for acquisition of other investments	(d) and (g)	<u>7,741,206,000</u>	<u>77,412</u>
Balance at end of year		<u><u>20,527,334,747</u></u>	<u><u>205,273</u></u>