

# Notes to the Financial Statements

For the year ended 31st March 2001

## 17. RESERVES (Continued)

At 31st March 2000

### Group

	Share Premium HK\$'000	Capital Reserve and Contributed Surplus HK\$'000	Exchange Reserve HK\$'000	Investment Properties Valuation Reserve HK\$'000	Goodwill HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31st March 1999	668,315	72,105	(53,306)	380,795	(54,589)	85,837	1,099,157
Reduction of share premium	(500,000)	—	—	—	—	500,000	—
Revaluation of investment properties	—	—	—	(5,000)	—	—	(5,000)
Goodwill							
- subsidiaries	—	—	—	—	(14,500)	—	(14,500)
- associate	—	—	—	—	(2,158)	—	(2,158)
Adjustment on translation of							
- subsidiaries	—	—	1,308	—	—	—	1,308
Disposal	—	(7,985)	53,958	(214,008)	51,559	—	(116,476)
Loss for the year	—	—	—	—	—	(90,672)	(90,672)
Special dividend	—	—	—	—	—	(501,782)	(501,782)
<b>At 31st March 2000</b>	<b>168,315</b>	<b>64,120</b>	<b>1,960</b>	<b>161,787</b>	<b>(19,688)</b>	<b>(6,617)</b>	<b>369,877</b>
Dealt with by:-							
Company and subsidiaries	168,315	64,120	1,960	161,787	(19,688)	(18,095)	358,399
Associates	—	—	—	—	—	11,478	11,478
	168,315	64,120	1,960	161,787	(19,688)	(6,617)	369,877

At 31st March 2001

### Company

	Share Premium HK\$'000	Contributed Surplus HK\$'000	Retained Earnings HK\$'000	Total HK\$'000
At 31st March 2000	168,315	403,929	(223,360)	348,884
Open Offer proceeds	137,990	—	—	137,990
Open Offer expenses	(812)	—	—	(812)
Profit for the year	—	—	6,259	6,259
<b>At 31st March 2001</b>	<b>305,493</b>	<b>403,929</b>	<b>(217,101)</b>	<b>492,321</b>

## Notes to the Financial Statements

For the year ended 31st March 2001

### 17. RESERVES (Continued)

The contributed surplus arose in 1989 as a result of the Group reorganisation and represented the difference between the nominal value of the Company's shares allotted under the reorganisation scheme and the consolidated shareholders' funds of the acquired subsidiary company. The contributed surplus is distributable as dividend under Bermudan Law and the Bye-Laws of the Company.

The reserves of the Company available for distribution to shareholders as at the balance sheet date, calculated in accordance with the Bermuda Companies Act, amount to HK\$186,828,000 (2000: HK\$180,569,000).

At 31st March 2000

#### Company

	<b>Share Premium</b>	<b>Contributed Surplus</b>	<b>Retained Earnings</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31st March 1999	668,315	403,929	89,299	1,161,543
Reduction of share premium	(500,000)	—	500,000	—
Loss for the year	—	—	(310,877)	(310,877)
Special dividend	—	—	(501,782)	(501,782)
<b>At 31st March 2000</b>	<b>168,315</b>	<b>403,929</b>	<b>(223,360)</b>	<b>348,884</b>



## Notes to the Financial Statements

For the year ended 31st March 2001

### 18. CONTINGENT LIABILITIES AND COMMITMENTS

	Group		Company	
	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2000 <i>HK\$'000</i>
Guarantees				
— for banking facilities granted to subsidiaries	—	—	<b>108,224</b>	128,224
— to bankers in lieu of utility deposits	<b>334</b>	224	—	—
— for payment of banking facilities to				
— an existing associate	<b>2,669</b>	25,706	—	—
— a former associate	<b>1,560</b>	2,340	—	—
Commitments				
— for further investment in companies held as other investments	<b>1,996</b>	2,475	—	—
— for credit facilities made to an associate	<b>2,240</b>	3,507	<b>2,240</b>	3,507
— for rental payment payable in the year following the balance sheet date in respect of premises under operating lease expiring in the second to fifth years inclusive	<b>871</b>	—	—	—
	<b>9,670</b>	34,252	<b>110,464</b>	131,731

### 19. PLEDGE OF ASSETS

At the balance sheet date, properties and investments of the Group with an aggregate book value of approximately HK\$244 million (2000: HK\$265 million) were pledged to secure banking and other loan facilities to the extent of HK\$160 million (2000: HK\$215 million) of which nil (2000: HK\$109 million) was utilised at that date.

## Notes to the Financial Statements

For the year ended 31st March 2001

### 20. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

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

	<i>Note</i>	<b>2001 HK\$'000</b>	2000 HK\$'000
Profit/(loss) before taxation		<b>76</b>	(91,467)
Share of net losses of associates		<b>13,557</b>	10,403
(Profit)/loss on disposal and provisions of listed and unlisted associates, investments, investment properties and other fixed assets	3(c)	<b>(2,883)</b>	110,180
Claims paid in respect of investments in previous year	3(c)	<b>(793)</b>	—
Unclaimed dividend declared by subsidiary reversed	3(b)	<b>(239)</b>	—
Write back of provision for investment securities		—	(14,187)
Depreciation		<b>1,121</b>	5,562
Interest expenses		<b>9,220</b>	46,090
Interest income		<b>(5,382)</b>	(2,028)
Investment income			
— listed	3(b)	<b>(5,313)</b>	(8,065)
— unlisted	3(b)	<b>(313)</b>	(535)
Provision for long service payments	3(a)	<b>618</b>	154
Decrease/(Increase) in debtors, advances and prepayments		<b>14,234</b>	(37,058)
Increase in creditors and accruals		<b>13,656</b>	15,851
Exchange adjustment		<b>(173)</b>	1,626
<b>Net cash inflow from operating activities</b>		<b>37,386</b>	36,526



## Notes to the Financial Statements

For the year ended 31st March 2001

### 20. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

#### (b) Analysis of changes in financing during the year

As at 31st March 2001

	Note	Share Capital and Share Premium HK\$'000	Bank loans and overdraft repayable beyond three months HK\$'000	Minority Interests HK\$'000
At 31st March 2000		218,493	21,298	8,283
Unclaimed liabilities reversed		—	—	(1,476)
Share of losses		—	—	(1,329)
Net proceeds from Open Offer	16 & 17	162,267	—	—
Net cash outflow to financing		—	(21,298)	(120)
<b>At 31st March 2001</b>		<b>380,760</b>	<b>—</b>	<b>5,358</b>

As at 31st March 2000

		Share Capital and Share Premium HK\$'000	Long Term Loans HK\$'000	Bank loans and overdraft repayable beyond three months HK\$'000	Minority Interests HK\$'000
At 31st March 1999		718,493	639,445	—	108,611
Net cash inflow from/(outflow to) financing		—	(63,673)	21,298	(12,133)
Disposals		—	(575,772)	—	(94,250)
Share of profit		—	—	—	1,555
Shares issued		—	—	—	16,364
Goodwill written off		—	—	—	(11,864)
Transfer to retained earnings	(500,000)	—	—	—	—
<b>At 31st March 2000</b>		<b>218,493</b>	<b>—</b>	<b>21,298</b>	<b>8,283</b>

## Notes to the Financial Statements

For the year ended 31st March 2001

### 20. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

#### (c) Reconciliation of bank loans and overdraft

	<b>2001</b> <b>HK\$'000</b>	2000 <i>HK\$'000</i>
Bank loans and overdraft up to three months, included in cash and cash equivalents	<b>1,123</b>	88,192
Three months and beyond	—	21,298
As shown in the consolidated balance sheet	<b>1,123</b>	109,490

### 21. RETIREMENT SCHEME

The Group had no retirement scheme or provident fund arrangements for any employees including directors until December 2000. From 1st December 2000, the Group has established Mandatory Provident Fund (MPF) Scheme for employees in compliance with MPF Ordinance. All the assets under the scheme is held separately from the Group under independently administered funds. The accumulated provision made by the Group for long service payments for employees, including directors, at the balance sheet date is HK\$1,281,000 (2000: HK\$663,000).

### 22. APPROVAL OF FINANCIAL STATEMENTS

The financial statements set out on pages 21 to 53 have been approved by the Board of Directors on 19th July 2001.

