

Notes to Financial Statements (Cont'd)

25. Share capital

	2001 HK\$'000	2000 HK\$'000
Authorised		
Ordinary shares of HK\$1 each	<u>410,000</u>	<u>410,000</u>
Issued and fully paid		
Ordinary shares of HK\$1 each		
Balance at beginning of year	341,973	344,278
Repurchases of shares	(2,682)	(2,305)
Balance at end of year	<u>339,291</u>	<u>341,973</u>

Repurchases of shares

During the year, the Company repurchased 2,682,000 (2000: 2,305,000) of its own shares on The Stock Exchange of Hong Kong Limited, details of which are shown below:

Month of repurchase	Number of shares	Price per share paid (HK\$)		Aggregate price paid (HK\$)
		Highest	Lowest	
<u>2001</u>				
January	24,000	2.375	–	57,000
February	24,000	2.375	–	57,000
March	110,000	2.375	–	261,250
April	70,000	2.125	2.100	147,950
May	197,000	2.125	–	418,625
June	69,000	2.125	–	146,625
July	453,000	2.125	–	962,625
August	10,000	2.125	–	21,250
September	1,151,000	2.050	2.000	2,346,550
October	485,000	2.000	1.980	962,500
November	50,000	1.980	–	99,000
December	39,000	1.980	–	77,220
	<u>2,682,000</u>			<u>5,557,595</u>

The above-mentioned shares were cancelled upon repurchase and, accordingly, the issued share capital of the Company was diminished by the nominal value of these shares. The premium and brokerage expenses paid on repurchase were charged against retained profit and an amount equivalent to the nominal value of the shares cancelled was transferred from retained profit to the capital redemption reserve account as shown in note 26.

Notes to Financial Statements (Cont'd)

26. Reserves

Company	Capital redemption reserve	Share premium	Capital reserve	Property revaluation reserve	Retained profit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2000	3,939	316,006	53,585	3,000	824,810	1,201,340
Loss for the year	-	-	-	-	(105,513)	(105,513)
Dividends	-	-	-	-	(6,841)	(6,841)
Premium and brokerage expenses paid on share repurchases	-	-	-	-	(2,790)	(2,790)
Transfer to capital redemption reserve upon share repurchases	2,305	-	-	-	(2,305)	-
At 31.12.2000	<u>6,244</u>	<u>316,006</u>	<u>53,585</u>	<u>3,000</u>	<u>707,361</u>	<u>1,086,196</u>
At 1.1.2001	6,244	316,006	53,585	3,000	707,361	1,086,196
Loss for the year	-	-	-	-	(209,998)	(209,998)
Dividends	-	-	-	-	(6,791)	(6,791)
Premium and brokerage expenses paid on share repurchases	-	-	-	-	(2,898)	(2,898)
Transfer to capital redemption reserve upon share repurchases	2,682	-	-	-	(2,682)	-
At 31.12.2001	<u>8,926</u>	<u>316,006</u>	<u>53,585</u>	<u>3,000</u>	<u>484,992</u>	<u>866,509</u>

Group	Capital redemption reserve	Share premium	Capital reserve	Investment property revaluation reserve	Property revaluation reserve	Long-term investment revaluation reserve	Retained profit	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1.1.2000	3,939	316,006	118,382	15,725	3,000	108,242	821,420	1,386,714
Realised on disposals of long-term listed investments	-	-	(64,797)	-	-	2,535	-	(62,262)
Revaluation surplus (deficit)	-	-	-	1,000	-	(327,111)	-	(326,111)
Transferred to profit and loss account upon impairment in value of long-term investments	-	-	-	-	-	136,660	-	136,660
Share of associate's reserve	-	-	-	-	-	(546)	-	(546)
Loss for the year	-	-	-	-	-	-	(105,652)	(105,652)
Dividends	-	-	-	-	-	-	(6,841)	(6,841)
Premium and brokerage expenses paid on share repurchases	-	-	-	-	-	-	(2,790)	(2,790)
Transfer to capital redemption reserve upon share repurchases	2,305	-	-	-	-	-	(2,305)	-
At 31.12.2000	<u>6,244</u>	<u>316,006</u>	<u>53,585</u>	<u>16,725</u>	<u>3,000</u>	<u>(80,220)</u>	<u>703,832</u>	<u>1,019,172</u>
Retained by:								
Company and subsidiaries	6,244	316,006	53,585	16,725	3,000	(79,674)	702,217	1,018,103
Associates	-	-	-	-	-	(546)	1,615	1,069
	<u>6,244</u>	<u>316,006</u>	<u>53,585</u>	<u>16,725</u>	<u>3,000</u>	<u>(80,220)</u>	<u>703,832</u>	<u>1,019,172</u>
At 1.1.2001	6,244	316,006	53,585	16,725	3,000	(80,220)	703,832	1,019,172
Realised on disposals of long-term listed investments	-	-	-	-	-	(4,545)	-	(4,545)
Revaluation surplus (deficit)	-	-	-	(2,000)	-	12,519	-	10,519
Transferred to profit and loss account upon impairment in value of long-term investments	-	-	-	-	-	166,353	-	166,353
Release of net negative goodwill upon disposals of subsidiaries	-	-	-	-	-	-	(751)	(751)
Loss for the year	-	-	-	-	-	-	(191,039)	(191,039)
Dividends	-	-	-	-	-	-	(6,791)	(6,791)
Premium and brokerage expenses paid on share repurchases	-	-	-	-	-	-	(2,897)	(2,897)
Transfer to capital redemption reserve upon share repurchases	2,682	-	-	-	-	-	(2,682)	-
At 31.12.2001	<u>8,926</u>	<u>316,006</u>	<u>53,585</u>	<u>14,725</u>	<u>3,000</u>	<u>94,107</u>	<u>499,672</u>	<u>990,021</u>
Retained by:								
Company and subsidiaries	8,926	316,006	53,585	14,725	3,000	94,653	502,517	993,412
Associates	-	-	-	-	-	(546)	(2,845)	(3,391)
	<u>8,926</u>	<u>316,006</u>	<u>53,585</u>	<u>14,725</u>	<u>3,000</u>	<u>94,107</u>	<u>499,672</u>	<u>990,021</u>

Notes to Financial Statements (Cont'd)

27. Reserves available for distribution to shareholders

At balance sheet date, the reserves of the Company available for distribution to shareholders, as calculated under the provisions of Section 79B of the Companies Ordinance, amounted to HK\$484,992,000 (2000: HK\$707,361,000).

28. Notes to the consolidated cash flow statement

(a) Reconciliation of loss before taxation to net cash inflow (outflow) from operating activities

	2001 HK\$'000	2000 HK\$'000
Loss before taxation	(189,060)	(105,627)
Depreciation	63	56
Share of results of associates	4,342	8,293
(Gain) loss on disposals of long-term unlisted investments	(10,854)	874
Net gain on disposals of long-term listed investments	(9,491)	(139,292)
Investment held for trading purpose written off	174	–
Unrealised loss of unconsolidated subsidiaries	20,000	–
Profit on disposals of subsidiaries	(751)	–
(Write back of) provision for impairment in value of long-term investments	(1,593)	103,292
Amount transferred from long-term investment revaluation reserve on impairment in value of long-term listed investments	166,353	136,660
Unrealised (gain) loss of listed investments held for trading purpose	(2,017)	1,403
Interest expenses	29,570	10,330
Interest income	(2,937)	(12,585)
Decrease (increase) in –		
Investments held for trading purpose	–	12,296
Interests in unconsolidated subsidiaries	(1,131)	(797,150)
Debtors, deposits and prepayments	71,432	(64,238)
(Decrease) increase in creditors, deposits and accruals	(1,351)	557
	<u>72,749</u>	<u>(845,131)</u>

(b) Analysis of changes in financing during the year

	Secured bank loans HK\$'000	Share capital HK\$'000
Balance at 1.1.2000	–	344,278
Cash inflow (outflow) from financing	483,600	(2,305)
Balance at 31.12.2000 and 1.1.2001	483,600	341,973
Cash outflow from financing	(15,600)	(2,682)
Balance at 31.12.2001	<u>468,000</u>	<u>339,291</u>

Notes to Financial Statements (Cont'd)

29. Pledge of assets

The Group pledged the shares in an unconsolidated subsidiary, certain listed shares, certain bank deposits and certain investment properties as security for banking facilities extended to the Group in the sum of HK\$746,000,000 (2000: HK\$716,000,000). At the balance sheet date, the facilities utilized amounted to HK\$507,000,000 (2000: HK\$493,956,000).

The Group pledged the shares in an associate as part of the security for bank loans granted to the associate. The Group has also subordinated and assigned its loan to the associate of HK\$125,669,000 (2000: HK\$121,131,000) to the bank as security.

30. Related party transactions

There was no material related party transaction during the year.

31. Retirement scheme

All the employees of the Group are members of the Mandatory Provident Fund Scheme. Under the Mandatory Provident Fund Scheme, the Group and its employees each made contributions to the scheme calculated at 5% of the employees' relevant income on a monthly basis. The amount of contributions charged to the profit and loss account for the year was HK\$305,000 (2000:HK\$293,000).

32. Future minimum rental payments receivable

The future minimum rental payments receivable under non-cancellable leases are as follows:

	<u>Group</u>	
	2001 HK\$'000	2000 HK\$'000
Within one year	2,261	2,207
Between two and five years	1,677	3,704
	<u>3,938</u>	<u>5,911</u>

The Group's operating leases are for terms of two to three years.