

**18. OTHER INVESTMENTS** (cont'd)

The unlisted investments of HK\$15,566,000 represent the Company's interest in companies which were previously accounted for by China Foods, the Company's subsidiary, as subsidiaries since acquisition up to 31 December 1995. On 1 January 1996, following a hand-over of the management control of these companies to the joint venture partners, the Group is, in the opinion of the Directors, no longer in a position to exercise a significant influence over the financial and operating policy decisions of these companies and it is the intention of the Group to solicit buyers to dispose of its investments. Accordingly, these companies have not been regarded as subsidiaries nor associates of the Group since 1 January 1996, and the investments in these companies are classified as other investments and carried in the balance sheet of the Group at the carrying value as at 31 December 1995 less provision for impairments in values of the investments, if necessary.

**19. TRADE RECEIVABLES, PREPAYMENTS AND OTHER DEBTORS**

The aging analysis of trade receivables as at 31 December 2000 is as follows:

	<b>GROUP</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Outstanding balances with ages:		
Within 6 months	<b>57,656</b>	86,168
Between 7 to 12 months	<b>6,762</b>	35,983
Between 1 to 2 years	<b>29,895</b>	38,222
Over 2 years	<b>27</b>	4,597
	<b>94,340</b>	164,970
Prepayments and other debtors	<b>81,539</b>	105,129
	<b>175,879</b>	270,099

Included above are instalment receivables of HK\$2,701,000 (1999: HK\$10,608,000) arising from sales of the Group's properties, the maturity of which is beyond one year from the balance sheet date.

The Group has a defined credit policy for the respective business units.

**20. DUE FROM FELLOW SUBSIDIARIES**

The amounts due from fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

**21. CASH AND CASH EQUIVALENTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Cash and bank balances	<b>129,688</b>	187,681	<b>1,294</b>	23,718
Time deposits	<b>1,020,810</b>	819,762	<b>10,793</b>	1,324
	<b>1,150,498</b>	1,007,443	<b>12,087</b>	25,042

**22. TRADE PAYABLES, ACCRUALS AND OTHER LIABILITIES**

	<b>GROUP</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Outstanding balances with ages:		
Within 6 months	<b>45,491</b>	104,241
Between 7 to 12 months	<b>8,958</b>	8,450
Between 1 to 2 years	<b>39,508</b>	51,085
Over 2 years	<b>8,860</b>	11,546
	<b>102,817</b>	175,322
Accruals and other liabilities	<b>174,323</b>	181,024
	<b>277,140</b>	356,346

**23. DUE TO RELATED COMPANIES**

The amounts due to related companies are unsecured, interest-free and have no fixed terms of repayment.

**24. DUE TO HOLDING COMPANIES**

The amounts due to holding companies are unsecured, interest-free and have no fixed terms of repayment.

**25. DUE TO FELLOW SUBSIDIARIES**

The amounts due to fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

**26. BANK LOANS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Bank loans:				
Secured (Note)	<b>42,594</b>	38,979	–	–
Unsecured	<b>820,086</b>	944,216	<b>726,629</b>	850,758
	<b>862,680</b>	983,195	<b>726,629</b>	850,758
Bank loans repayable:				
Within one year or on demand	<b>492,062</b>	406,606	<b>363,714</b>	283,586
In the second year	<b>287,426</b>	287,010	<b>285,715</b>	283,586
In the third to fifth years, inclusive	<b>82,336</b>	288,723	<b>77,200</b>	283,586
Beyond five years	<b>856</b>	856	–	–
	<b>862,680</b>	983,195	<b>726,629</b>	850,758
Portion classified as current liabilities	<b>(492,062)</b>	(406,606)	<b>(363,714)</b>	(283,586)
Non-current portion	<b>370,618</b>	576,589	<b>362,915</b>	567,172

*Note:*

These bank loans were secured by the following:

- (a) a charge over the fixed assets of the Group with a net book value of approximately HK\$107,746,000 (1999: HK\$112,334,000);
- (b) pledge of bank deposits of approximately HK\$9,589,000 (1999: HK\$13,052,000); and
- (c) a corporate guarantee given by the ultimate holding company.

**27. DEFERRED TAX**

	<b>GROUP</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Balance at 1 January	<b>1,431</b>	1,431
Credit for the year (note 7)	<b>(792)</b>	–
Balance at 31 December	<b>639</b>	1,431

The balance of deferred tax represents the tax effect of the timing differences attributable to accelerated depreciation allowances.

The surplus arising on the revaluation of the Group's properties in Hong Kong does not constitute a timing difference for deferred tax purposes as any profit realised on their subsequent disposal would not be subject to tax.

Deferred tax has not been provided on the surplus arising on the revaluation of the Group's properties in Mainland China as, in the opinion of the Directors, these properties are intended to be held for long term purposes and it is unlikely that the liability will crystallise in the foreseeable future.

The Company's investment revaluation reserve arising from the revaluation of the investment in a subsidiary is not subject to deferred tax as any profit arising on the disposal of this investment would not be subject to tax. The revaluation surplus therefore does not constitute a timing difference for deferred tax purposes.

Neither the Group, nor the Company had any significant unprovided deferred tax for the year or at the balance sheet date.

**28. MINORITY INTERESTS**

	<b>GROUP</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Share of net assets attributable to minority shareholders	<b>905,180</b>	870,415
Advances from minority shareholders	<b>37,275</b>	44,414
	<b>942,455</b>	914,829

Except for an advance from a minority shareholder of a subsidiary of HK\$9,547,000 (1999: HK\$11,682,000) which bears interest at 7.6% per annum, the advances are unsecured, interest-free and have no fixed terms of repayment.

## 29. SHARE CAPITAL

### Ordinary shares

	2000 HK\$'000	1999 HK\$'000
Authorised:		
5,000,000,000 ordinary shares of HK\$1.00 each	5,000,000	5,000,000
Issued and fully paid:		
2,675,136,092 ordinary shares of HK\$1.00 each	2,675,136	2,675,136

There were no changes in the authorised ordinary share capital of the Company during the two years ended 31 December 2000.

### Share options

At an extraordinary general meeting of the Company held on 2 June 1999, the shareholders of the Company adopted a new employee share option scheme known as "Top Glory International Holdings Limited Employee Share Option Scheme" (the "New Share Option Scheme") to replace the Company's previous scheme which expired on 1 June 1998 (the "Old Scheme").

Pursuant to the New Share Option Scheme, the maximum number of the Company's shares in respect of which options may be granted (together with the Company's shares issued pursuant to options exercised and the Company's shares in respect of which any options remain outstanding) under the New Share Option Scheme and any other share option schemes of the Company (including the Company's shares in respect of which any options remain outstanding under the Old Scheme) shall not exceed 10% of the issued share capital of the Company from time to time (excluding for this purpose the Company's shares issued pursuant to the New Share Option Scheme).

The period during which an option may be exercised will be determined by the Directors, which in any event, must not exceed a period of 5 years commencing on the expiry of 6 months after the date on which the option is accepted and expiring on the last day of such 5-year period.

Subsequent to the adoption of the New Share Option Scheme, no options have been granted to any employee of the Group.

A summary of the movement of options under the Old Scheme during the year is as follows:

Date of grant	Expiry date	Price per share to be paid on exercise of options HK\$	Number of options		Balance at 31 December 2000
			Balance at 1 January 2000	Lapsed during the year	
5 August 1997	15 August 2000	2.116	22,300,000	(22,300,000)	–

### 30. RESERVES

#### GROUP

	Share premium account HK\$'000	(Goodwill)/ Capital reserve HK\$'000	Investment property revaluation reserve HK\$'000	Hotel property revaluation reserve HK\$'000	Other property revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Legal reserve HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 1999	946,454	(95,480)	39,653	29,756	41,287	844	5,511	1,948	1,503,750	2,473,723
Goodwill arising on acquisition of additional interest in a subsidiary	-	(21,754)	-	-	-	-	-	-	-	(21,754)
Goodwill arising on additional consideration paid for acquisition of an associate in prior year	-	(1,891)	-	-	-	-	-	-	-	(1,891)
Exchange realignments	-	-	-	-	-	2,953	-	-	-	2,953
Released on disposal of investment properties	-	-	1,855	-	-	-	-	-	-	1,855
Transfer to legal reserve	-	-	-	-	-	-	2,442	-	(2,442)	-
Surplus on revaluation of hotel properties, net	-	-	-	4,913	-	-	-	-	-	4,913
Deficit on revaluation of investment properties, net	-	-	(3,135)	-	-	-	-	-	-	(3,135)
Profit for the year	-	-	-	-	-	-	-	-	60,119	60,119
At 31 December 1999	946,454	(119,125)	38,373	34,669	41,287	3,797	7,953	1,948	1,561,427	2,516,783
Reserves retained by:										
Company and subsidiaries	946,454	(116,670)	37,700	30,226	41,287	4,398	2,355	1,948	1,493,507	2,441,205
Jointly controlled entities	-	-	-	-	-	-	-	-	9,194	9,194
Associates	-	(2,455)	673	4,443	-	(601)	5,598	-	58,726	66,384
At 31 December 1999	946,454	(119,125)	38,373	34,669	41,287	3,797	7,953	1,948	1,561,427	2,516,783

## 30. RESERVES (Cont'd)

### GROUP

	Share premium account HK\$'000	(Goodwill)/ Capital reserve HK\$'000	Investment property revaluation reserve HK\$'000	Hotel property revaluation reserve HK\$'000	Other property revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Legal reserve HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2000	946,454	(119,125)	38,373	34,669	41,287	3,797	7,953	1,948	1,561,427	2,516,783
Release upon liquidation of a subsidiary	-	943	-	-	-	-	-	-	-	943
Exchange realignments	-	-	-	-	-	98	-	-	-	98
Released upon disposal of other investments	-	(3,289)	(499)	-	(123)	(1)	-	-	-	(3,912)
Transfer to legal reserve	-	-	-	-	-	-	2,286	-	(2,286)	-
Surplus on revaluation of investment properties, net	-	-	21,251	-	-	-	-	-	-	21,251
Surplus on revaluation of hotel properties, net	-	-	-	21,342	-	-	-	-	-	21,342
Profit for the year	-	-	-	-	-	-	-	-	65,309	65,309
At 31 December 2000	946,454	(121,471)	59,125	56,011	41,164	3,894	10,239	1,948	1,624,450	2,621,814
Reserves retained by:										
Company and subsidiaries	946,454	(115,727)	59,011	51,568	41,164	4,496	3,014	1,948	1,552,869	2,544,797
Jointly controlled entities	-	-	-	-	-	-	-	-	1,777	1,777
Associates	-	(5,744)	114	4,443	-	(602)	7,225	-	69,804	75,240
At 31 December 2000	946,454	(121,471)	59,125	56,011	41,164	3,894	10,239	1,948	1,624,450	2,621,814

### COMPANY

	Share premium account HK\$'000	Investment revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 1999	946,454	62,369	1,948	648,118	1,658,889
Loss for the year	-	-	-	(9,231)	(9,231)
At 31 December 1999 and 1 January 2000	946,454	62,369	1,948	638,887	1,649,658
Loss for the year	-	-	-	(47,027)	(47,027)
At 31 December 2000	946,454	62,369	1,948	591,860	1,602,631

**31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**
**(a) Reconciliation of profit from operating activities to net cash inflow from operating activities**

	2000 HK\$'000	1999 HK\$'000
Profit from operating activities	190,669	179,001
Depreciation	48,761	49,751
Amortisation of long term investments	1,400	3,200
Provision for impairment in values of other investments	642	1,320
Provision for diminution in value of properties under development	–	20,000
Provision against inventories	–	12,617
Deficit on revaluation of hotel properties	6,953	–
Provision for impairment in value of fixed assets	4,855	–
Provision for doubtful debts	9,223	–
Gain on disposal of other investments	(13,076)	–
Loss on disposal of fixed assets, net	1,065	765
Loss on disposal of subsidiaries	971	–
Release of goodwill on liquidation of a subsidiary	943	–
Write-back of provision of doubtful debts	–	(15,571)
Write-back of provision for impairment in value of a long term investment	(13,021)	(6,500)
Write-back of provision for other expenses	–	(4,000)
Write-back of provision against inventories	(9,572)	–
Dividends from a long term investment	(4,070)	(12,589)
Interest income	(68,248)	(55,459)
Transfer from properties under development to cost of sales	7,919	41,068
Decrease in inventories	59,647	115,445
Decrease in properties held for sale	124,767	130,275
Increase in other investments	–	(4,215)
Decrease in trade receivables, prepayments and other debtors	88,134	77,115
Decrease in amounts due from fellow subsidiaries	(15,468)	(12,543)
Decrease in trade payables, accruals and other liabilities	(77,593)	(29,219)
Increase/(decrease) in amounts due to related companies	1,300	(13,378)
Increase in amounts due to fellow subsidiaries	50,345	16,711
Net cash inflow from operating activities	396,546	493,794



**31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Cont'd)**
**(b) Analysis of changes in financing during the year**

	<b>Bank loans HK\$'000</b>	<b>Due to holding companies HK\$'000</b>	<b>Minority interests HK\$'000</b>
Balance at 1 January 1999	1,153,121	124,745	949,777
Exchange realignment	–	–	(2,044)
Net cash inflow/(outflow) from financing	(169,926)	(35,142)	4,939
Dividends paid to minority shareholders	–	–	(41,823)
Share of profit for the year	–	–	40,586
Share of reserves of associates during the year	–	–	2,342
Share of surplus on revaluation of hotel properties	–	–	108
Share of deficit on revaluation of investment properties	–	–	(806)
Share of goodwill on acquisition of subsidiaries	–	–	(22,606)
Acquisition of additional interest in a subsidiary	–	–	(15,644)
Balances at 31 December 1999 and 1 January 2000	983,195	89,603	914,829
Net cash outflow from financing	(120,515)	(43,309)	(7,139)
Dividends paid to minority shareholders	–	–	(9,682)
Share of profit for the year	–	–	47,297
Share of reserves released upon disposal of other investments	–	–	(3,739)
Share of deficit on revaluation of hotel properties	–	–	(583)
Share of surplus on revaluation of investment properties	–	–	1,950
Disposal of subsidiaries	–	–	(478)
Balances at 31 December 2000	862,680	46,294	942,455

**31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Cont'd)**
**(c) Disposal of subsidiaries**

	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Net assets disposed of:		
Fixed assets	<b>2,507</b>	–
Inventories	<b>55</b>	–
Other debtors, prepayments and deposits	<b>933</b>	–
Accounts payable	<b>(484)</b>	–
Other payables and accruals	<b>(1,129)</b>	–
Minority interests	<b>(478)</b>	–
	<b>1,404</b>	–
Loss on disposal of subsidiaries	<b>(971)</b>	–
	<b>433</b>	–
Satisfied by:		
Cash	<b>433</b>	–

**32. CONTINGENT LIABILITIES**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
Guarantees given to banks in connection with facilities granted to:				
Non wholly-owned subsidiaries	–	–	<b>84,112</b>	46,729
An associate (Note)	<b>270,550</b>	270,550	<b>270,550</b>	270,550
An investee company	<b>8,900</b>	30,951	–	–
	<b>279,450</b>	301,501	<b>354,662</b>	317,279

*Note:* This is a proportionate guarantee given by the Company in favour of a bank. The associate had fully repaid the bank loans under this bank facility in the prior year, and at the balance sheet date, this bank facility was not utilised by the associate.