

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these accounts conform with Statements of Standard Accounting Practice issued by the Hong Kong Society of Accountants. The accounts are prepared under the historical cost convention.

(a) Basis of Consolidation

The consolidated accounts comprise the accounts of IMC Holdings Ltd. and its subsidiary companies for the year ended 31 December 2000 together with the Group's share of the results of its associated companies for the year. The results of subsidiaries acquired or disposed of during the year are consolidated from their effective dates of acquisition or to their effective dates of disposal. All significant balances and transactions between group companies are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision, if necessary, for any diminution in value other than temporary in nature. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Associated Companies

An associated company is a company other than a subsidiary in which the Group holds the equity as a long term investment and has the ability to exercise significant influence in its management.

Interest in associated companies is stated in the consolidated balance sheet at the Group's share of net assets of the associated companies together with amounts advanced thereto. The consolidated profit and loss account includes the Group's share of the results of the associated companies for the year.

In the Company's balance sheet the investments in associated companies are stated at cost less provision, if necessary, for any diminution in value other than temporary in nature. The results of associated companies are accounted for by the Company on the basis of dividends received and receivable.

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(c) Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets of subsidiaries and associated companies when acquired. Goodwill is written off against reserves in the year of acquisition.

(d) Fixed Assets

- (i) Fixed assets are stated at cost less accumulated amortisation or depreciation and any provision required to reflect their recoverable amount. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its existing use.
- (ii) The gain or loss on disposal of a fixed asset is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in the profit and loss account.

(e) Depreciation

- (i) Leasehold land is amortised on a straight-line basis over the term of the lease whereas leasehold buildings and leasehold improvements are depreciated on a straight-line basis over the term of the lease or their expected useful lives whichever is shorter. The annual rates used for this purpose are:

	%
Leasehold land and buildings	1 - 3 $\frac{1}{3}$
Leasehold improvements	25

- (ii) Depreciation is calculated so as to write off the cost of other fixed assets on a straight-line basis over the expected useful lives of the assets concerned to their estimated residual value, if any. The annual rates used for this purpose are:

	%
Motor vessels	4
Furniture and fixtures and office equipment	10 - 20
Motor vehicles	20

- (iii) The carrying value of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cashflows have not been discounted in determining the recoverable amount.

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(f) Vessels Under Construction

Vessels under construction are stated at cost and comprise instalments paid to shipbuilders under the terms of shipbuilding contracts and expenses incurred prior to delivery of the vessels.

(g) Investments

Investments held for the long term are stated at cost less provision, if necessary, for any diminution in value other than temporary in nature.

(h) Ship Stores

Ship stores represent lubricants and bunkers to be used in running the vessels. Cost is determined on a FIFO basis.

(i) Drydocking and Survey Expenses

The costs for drydocking and special surveys are capitalised in the year in which they are incurred and amortised over the future drydocking and survey cycles.

(j) Assets under Leases

(i) Finance Leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Assets purchased under finance leases are capitalised. Lease assets and liabilities are established at the present value of minimum lease payments. The excess of lease payments over the recorded lease obligations is treated as finance charges, which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

(ii) Operating Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(k) Hire Purchase Debtor

Hire purchase debtor represents advances made to third parties to finance the purchases of fixed assets, the repayment of which are by instalment over the terms of the hire purchase agreements, and where the legal title of the assets remain with the Group. Hire purchase received is considered to consist of the interest and the capital elements. The interest element is calculated to provide a constant rate of return on the amount advanced, and is credited to the profit and loss account.

(l) Accounts Receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(m) Deferred Taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(n) Foreign Currency Translation

Foreign currency transactions during the year are translated into Hong Kong dollars at the market exchange rates ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated into Hong Kong dollars at approximately the market exchange rates ruling at the balance sheet date. Differences in exchange are included in the results for the year.

The accounts of overseas subsidiaries and associated companies are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. Exchange differences arising are taken directly to reserves.

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(o) Revenue Recognition

(i) *Charterhire*

Revenue from the chartering of vessels is recognised on a time proportion basis.

(ii) *Management, agency and consultancy fees*

Revenue from services is recognised upon the delivery of services on a completion basis.

(iii) *Rental*

Rental income is recognised on a time proportion basis.

(iv) *Interest*

Interest revenue is recognised on a time proportion basis on the amount of outstanding deposits and the applicable interest rates.

(p) Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

Notes to the Accounts

2. TURNOVER AND REVENUES

The Group is principally engaged in shipowning and the operation and trading of vessels. Revenues recognised during the year are as follows:

	2000 HK\$'000	1999 HK\$'000
Turnover		
Charterhire	415,370	270,571
Management, agency and consultancy fees	48,643	35,497
	<u>464,013</u>	<u>306,068</u>
Other revenues		
Interest	30,010	17,913
Rental income	4,439	4,488
Others	7,957	4,159
	<u>42,406</u>	<u>26,560</u>
Total revenues	<u>506,419</u>	<u>332,628</u>

The analysis of the Group's profit/(loss) before taxation by principal activities are as follows:

	2000 HK\$'000	1999 HK\$'000
Operation and chartering of vessels including provision for diminution in value of motor vessels HK\$NIL (1999: HK\$392,410,000)	159,205	(410,902)
Management, agency and consultancy services	5,986	(4,571)
Shipyard operations	(12,928)	(17,636)
Others	(1,126)	(2,844)
	<u>151,137</u>	<u>(435,953)</u>

Notes to the Accounts

3. OPERATING PROFIT/(LOSS)

	2000 HK\$'000	1999 HK\$'000
Operating profit/(loss) is stated after charging:		
Auditors' remuneration		
– Current year	1,122	936
(Gain)/loss on exchange	(1,388)	481
Depreciation		
– Owned fixed assets	67,009	73,701
– Leased fixed assets	11,796	15,245
Operating lease		
– Rental of office premises	4,288	3,562
– Rental of staff premises	372	243
– Rental of vessels	39,216	–
Amortisation of deferred drydocking and survey expenses	17,900	15,154
Management fees paid to ultimate holding company	18,720	18,720
Staff cost		
– Shore staff	50,874	40,209
– Sea staff	59,000	72,907
Loss on disposal of motor vessels	–	12,972
Loss on disposal of other fixed assets	–	679
Provision for diminution in value of motor vessels	–	327,600
and after crediting:		
Surplus arising on loss of a motor vessel	–	6,702
Gain on disposal of a motor vessel	1,783	–

4. FINANCE COST

	2000 HK\$'000	1999 HK\$'000
Interest expense on bank loans		
– Wholly repayable within five years	11,553	10,669
– Not wholly repayable within five years	24,898	17,373
	36,451	28,042
Interest element of finance leases	15,158	12,843
(Gain)/loss on interest rate swap	(3,234)	2,231
	48,375	43,116

Notes to the Accounts

5. TAXATION

No provision for Hong Kong profits tax was required for the Company as the Company has no assessable profit during the year (1999: HK\$NIL) . Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation in the consolidated profit and loss account represents:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Overseas taxation		
– current	2,135	769
– deferred (<i>Note 22</i>)	(463)	–
Share of taxation attributable to associated companies	80	55
	1,752	824

6. EARNINGS/(LOSS) PER SHARE

Earnings per share for the year ended 31 December 2000 as shown in the consolidated profit and loss account is calculated on the Group's profit after taxation and minority interests of HK\$148,966,000 (1999: loss of HK\$437,256,000) and on 374,197,380 shares (1999: 374,197,380 shares) in issue during the year.

Diluted earnings/(loss) per share is not shown as the potential ordinary shares in respect of the share options granted are anti-dilutive.

Notes to the Accounts

7. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

Directors' emoluments for the year are as follows:

	2000 HK\$'000	1999 HK\$'000
Executive Directors		
– Salaries and allowances	1,115	1,114
– Bonuses	151	75
– Central Provident Fund contributions	55	41
– Fees	75	75
	<u>1,396</u>	<u>1,305</u>
Non-executive Directors		
– Fees	50	75
	<u>50</u>	<u>75</u>

The above emoluments are analysed as follows:

	2000	1999
HK\$0 - HK\$1,000,000	4	5
HK\$1,000,001 - HK\$1,500,000	1	1
HK\$1,500,001 - HK\$2,000,000	–	–

For the year ended 31 December 2000, one (1999: one) of the 5 highest paid individuals was a director whose emoluments are disclosed above. The emoluments of the remaining four (1999: four) highest paid individuals are as follows:

	2000 HK\$'000	1999 HK\$'000
Salaries and allowances	2,911	2,846
Bonuses	706	226
Central Provident Fund contributions	234	134
	<u>3,851</u>	<u>3,206</u>

The above emoluments are analysed as follows:

	2000	1999
HK\$0 - HK\$1,000,000	4	4

Notes to the Accounts

8. FIXED ASSETS

The Group

	Vessels in Operation HK\$'000	Vessels Under Construction HK\$'000	Leasehold Land and Buildings HK\$'000	Leasehold Improvements HK\$'000	Furniture and Fixtures and Office Equipment HK\$'000	Motor Vehicles HK\$'000	Total HK\$'000
COST							
At 1 January 2000	1,977,549	24,629	109,081	3,574	13,989	461	2,129,283
New subsidiaries	296,400	–	–	–	–	–	296,400
Exchange rate fluctuation	–	–	(4,279)	(140)	(519)	(1)	(4,939)
Additions	1,597	12,588	–	137	1,624	391	16,337
Disposals	(19,781)	–	–	(45)	(435)	–	(20,261)
Disposals to associated companies	–	(24,629)	–	–	–	–	(24,629)
At 31 December 2000	2,255,765	12,588	104,802	3,526	14,659	851	2,392,191
DEPRECIATION							
At 1 January 2000	824,501	–	5,641	3,121	9,671	7	842,941
New subsidiaries	20,452	–	–	–	–	–	20,452
Exchange rate fluctuation	–	–	(226)	(144)	(347)	–	(717)
Charge for the year	75,362	–	1,478	293	1,511	161	78,805
Disposals	(696)	–	–	(33)	(346)	–	(1,075)
At 31 December 2000	919,619	–	6,893	3,237	10,489	168	940,406
Net book value							
at 31 December 2000	1,336,146	12,588	97,909	289	4,170	683	1,451,785
Net book value							
at 31 December 1999	1,153,048	24,629	103,440	453	4,318	454	1,286,342

Notes to the Accounts

8. FIXED ASSETS (continued)

The net book value of leasehold land and buildings comprises:

		2000 HK\$'000	1999 HK\$'000
Location	Tenure		
Singapore	(99 years leasehold with effect from 1 March 1989)	94,024	99,230
People's Republic of China	(40 years leasehold with effect from 3 October 1993)	3,885	4,210
		<u>97,909</u>	<u>103,440</u>

At the balance sheet date, the net book value of leasehold building and vessels in operation of the Group pledged as securities for bank loans amounted to HK\$962 million (1999: HK\$966 million).

At the balance sheet date, the net book value of fixed assets of the Group under finance lease agreement included in vessels in operation amounted to HK\$252 million (1999: HK\$264 million).

9. DEFERRED DRYDOCKING AND SURVEY EXPENSES – THE GROUP

	2000 HK\$'000	1999 HK\$'000
At 1 January	28,556	20,267
New subsidiaries	862	8,001
Payments made during the year	16,187	17,129
Write-off on disposal of vessels	(3,776)	(1,687)
Amortisation for the year	<u>(17,900)</u>	<u>(15,154)</u>
At 31 December	<u>23,929</u>	<u>28,556</u>

Notes to the Accounts

10. INTEREST IN SUBSIDIARY COMPANIES – THE COMPANY

	2000 HK\$'000	1999 HK\$'000
Unquoted shares, at cost	113,227	113,227
Amounts due from subsidiary companies	384,083	270,123
Amounts due to subsidiary companies	(289,713)	(355,045)
Loans to subsidiary companies	1,479,094	1,474,288
Provision for diminution in value	(497,600)	(327,600)
	<u>1,189,091</u>	<u>1,174,993</u>

Details of the subsidiary companies are included on pages 51 to 59.

The loans to subsidiary companies are unsecured, interest-free and with no fixed terms of repayment. The loans are not expected to be repaid within 12 months from the balance sheet date.

11. INTEREST IN ASSOCIATED COMPANIES

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Unquoted shares, at cost	–	–	237,964	128,876
Share of net assets	168,075	125,201	–	–
Exchange rate fluctuation	(83,691)	(83,691)	–	–
Amounts due from associated companies	354,702	521,329	32,313	114,780
Amounts due to associated companies	–	(48,417)	–	–
	<u>439,086</u>	<u>514,422</u>	<u>270,277</u>	<u>243,656</u>

Details of the associated companies are included on pages 60 to 63.

12. OTHER INVESTMENTS

Other investments represent a club membership at cost.

Notes to the Accounts

13. HIRE PURCHASE DEBTOR

	Group	
	2000	1999
	HK\$'000	HK\$'000
Receivable within one year	7,862	7,862
Receivable between one and five years	5,242	13,104
	<u>13,104</u>	<u>20,966</u>
Interest income allocated to future periods	(5,502)	(7,550)
	<u>7,602</u>	<u>13,416</u>
Included in:		
Current assets (included in other debtors, deposits and prepayments)	5,814	5,814
Non-current assets	1,788	7,602
	<u>7,602</u>	<u>13,416</u>

14. AMOUNTS DUE FROM/(TO) ASSOCIATED COMPANIES

The amounts due from/(to) associated companies are unsecured, interest-free and with no fixed terms of repayment.

15. AMOUNTS DUE FROM CHARTERERS

The credit terms given to charterers vary according to the type of vessels' employment. The credit terms could vary from 15 - 60 days credit period to advance payment by charterers. As at 31 December 2000, the ageing analysis of the amount due from charterers were as follows:

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current	2,067	2,284	—	—
31 - 60 days	56	2,215	—	—
61 - 90 days	1,108	927	—	—
91 - 120 days	1,726	531	—	—
Over 120 days	3,543	2,836	—	—
	<u>8,500</u>	<u>8,793</u>	<u>—</u>	<u>—</u>

Notes to the Accounts

16. TRADE CREDITORS

As at 31 December 2000, the ageing analysis of the trade creditors were as follows:

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current	3,184	1,321	—	—
31 - 60 days	4,862	3,619	—	—
61 - 90 days	1,840	1,725	—	—
91 - 120 days	418	380	—	—
Over 120 days	534	1,389	—	—
	<u>10,838</u>	<u>8,434</u>	<u>—</u>	<u>—</u>

17. AFFILIATED COMPANIES

Affiliated companies are companies, other than subsidiaries and associated companies, in which the directors/shareholders of the ultimate holding company has a significant financial interest.

18. AMOUNTS DUE TO CHARTERERS

As at 31 December 2000, the ageing analysis of the amount due to charterers were as follows:

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current	—	—	—	—
31 - 60 days	107	783	—	—
61 - 90 days	—	—	—	—
91 - 120 days	48	—	—	—
Over 120 days	2,242	2,849	—	—
	<u>2,397</u>	<u>3,632</u>	<u>—</u>	<u>—</u>

Notes to the Accounts

19. BANK LOANS – SECURED

	Group	
	2000	1999
	HK\$'000	HK\$'000
Due within one year	4,048	152,607
In the second year	85,652	84,887
In the third to fifth year	247,603	273,554
After the fifth year	75,964	140,930
	409,219	499,371
	413,267	651,978

- (a) The Company has a revolving credit facility of US\$50 million (HK\$390 million) which expires in July 2005. As at 31 December 2000, this facility was not utilised. This facility is secured by a mortgage on a motor vessel with a net book value of HK\$137 million.
- (b) A subsidiary company of the Group has a reducing revolving credit facility with a bank for a total amount of US\$35 million (HK\$273 million) which expires in July 2003. As at 31 December 2000, US\$10 million (HK\$78 million) was utilised. The loan is repayable by seven semi-annual instalments of US\$1.6 million commencing 31 January 2000 and a final payment of US\$5.6 million. The loan is secured by a mortgage on two motor vessels with a total net book value of HK\$174 million (1999: HK\$185 million).
- (c) A subsidiary company of the Group secured a revolving credit facility of US\$50 million (HK\$390 million) in August 1996. As at 31 December 2000, US\$35.7 million (HK\$279 million) was drawn down. The loan is repayable by 14 equal semi-annual instalments commencing from April 2000. The loan is secured by a mortgage on seven motor vessels with a total net book value of HK\$557 million (1999: HK\$589 million).
- (d) A subsidiary company of the Group secured a fixed term loan of S\$12.6million (HK\$57 million) which expires in June 2008. As at 31 December 2000, S\$12.6 million (HK\$57million) was utilised. The facility is secured by a mortgage on certain land and building with a book value of HK\$94 million (1999: HK\$99 million).

Notes to the Accounts

20. OBLIGATIONS UNDER FINANCE LEASES

	Group	
	2000	1999
	HK\$'000	HK\$'000
Minimum lease payments payable		
Within one year	33,690	30,465
In the second year	36,678	33,690
In the third to fifth year	125,554	118,035
After the fifth year	120,083	164,282
	<u>316,005</u>	<u>346,472</u>
Finance charges allocated to future periods	(105,828)	(127,617)
	<u>210,177</u>	<u>218,855</u>
Included in:		
Current liabilities	12,534	8,678
Non-current liabilities	197,643	210,177
	<u>210,177</u>	<u>218,855</u>

21. ADVANCE ON VESSEL WORKING FUND

Advance on vessel working fund represents deposits made by pool members to provide the operating funds of the vessel pool. This advance is refundable only upon termination of the pool agreements.

22. DEFERRED TAXATION

The amount of deferred taxation in the consolidated balance sheet represents the full provision for the effect of timing differences arising from accelerated depreciation allowances.

	Group	
	2000	1999
	HK\$'000	HK\$'000
At 1 January	1,641	1,755
Exchange rate fluctuation	(39)	(114)
Transfer to profit and loss account (Note 5)	(463)	—
	<u>1,139</u>	<u>1,641</u>
At 31 December		

Notes to the Accounts

23. SHARE CAPITAL

	Company	
	2000	1999
	HK\$'000	HK\$'000
<i>Authorised</i>		
450,000,000 shares of HK\$0.50 each	225,000	225,000
<i>Issued and fully paid</i>		
374,197,380 shares of HK\$0.50 each	187,099	187,099

At a Special General Meeting of the Company held on 11 May 1995, the IMC Holdings Ltd (Bermuda) Share Option Scheme was approved by the members. Pursuant to the Scheme, options granted to the ultimate holding company, IMC Pan Asia Alliance Corporation up to 31 December 2000 are as follows:

Date of Option	No. of Shares	Subscription Price
1998	9,354,934	HK\$0.85 per share
1997	9,354,934	HK\$2.52 per share
1996	9,354,934	HK\$4.50 per share
	28,064,802	

As at 31 December 2000, none of the options granted has been exercised. The options granted would expire at the end of the fifth calendar year after the date of the grant of the options. As at 31 December 2000, the option granted in 1995 had expired.

Notes to the Accounts

24. RESERVES

	Share Premium HK\$'000	Contributed Surplus HK\$'000	Retained Profit HK\$'000	Total HK\$'000
(a) Group				
At 1 January 1999	117,986	1,128,784	484,971	1,731,741
Loss retained for the year	—	—	(437,256)	(437,256)
At 31 December 1999	117,986	1,128,784	47,715	1,294,485
At 1 January 2000	117,986	1,128,784	47,715	1,294,485
Profit retained for the year	—	—	119,030	119,030
At 31 December 2000	117,986	1,128,784	166,745	1,413,515

Included in retained profit of the Group are accumulated losses of HK\$116,094,000 (1999: HK\$119,026,000) attributable to associated companies.

	Share Premium HK\$'000	Contributed Surplus HK\$'000	Retained Profit HK\$'000	Total HK\$'000
(b) Company				
At 1 January 1999	117,986	1,128,784	531,304	1,778,074
Loss retained for the year	—	—	(334,110)	(334,110)
At 31 December 1999	117,986	1,128,784	197,194	1,443,964
At 1 January 2000	117,986	1,128,784	197,194	1,443,964
Profit retained the year	—	—	34,547	34,547
At 31 December 2000	117,986	1,128,784	231,741	1,478,511

The contributed surplus of the Company arose from a group reorganization which was completed in September 1989 and is distributable to shareholders under the Companies Act 1981 of Bermuda (as amended).

The distributable reserves of the Company as at 31 December 2000 amounted to HK\$1,360,525,000 (1999: HK\$1,325,978,000).

Notes to the Accounts

25. EXCHANGE FLUCTUATION ACCOUNT

	Group	
	2000	1999
	HK\$'000	HK\$'000
Balance brought forward	(108,427)	(118,101)
Exchange difference arising during the year	(1,984)	9,674
	<u>(110,411)</u>	<u>(108,427)</u>
Balance carried forward	(110,411)	(108,427)

26. DIVIDENDS

The Directors have proposed a final dividend of HK\$0.08 per share to be paid in respect of the financial year ended 31 December 2000 (1999: total dividends paid were HK\$Nil per share). The final dividend will be paid in cash with an option to receive new, fully paid shares in lieu of the cash dividend ("Scrip Dividend Scheme").

27. COMMITMENTS

(a) Capital Commitments

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Shipbuilding contracts with a third party:				
- contracted but not provided for	—	449,491	—	—
Shipbuilding contracts with a third party entered into by associated companies:				
— contracted but not provided for	554,494	—	—	—
— authorised but not contracted for	125,307	—	—	—
Contract for the construction of a floating dock with a third party entered into by an associated company:				
— contracted but not provided for	11,135	—	—	—
	<u>690,936</u>	<u>449,491</u>	<u>—</u>	<u>—</u>

Notes to the Accounts

27. COMMITMENTS (continued)

(b) Commitments Under Operating Leases

At 31 December 2000, the Group had commitments to make payable in the next twelve months under operating leases which expire as follows:

		Group	
		2000	1999
		HK\$'000	HK\$'000
(i)	Office premises		
	Operating leases which expire:		
	Within one year	2,611	5,089
	Between two and five years	2,890	7,897
		5,501	12,986
(ii)	Staff premises		
	Operating leases which expire:		
	Within one year	–	98
	Between two and five years	–	5
		–	103
(iii)	Chartered in vessels		
	Operating leases which expire:		
	Within one year	16,503	–
	Between two and five years	27,474	–
	Over five years	35,146	–
		79,123	–

Notes to the Accounts

28. CONTINGENT LIABILITIES

	Group		Company	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Guarantees given by the Company in respect of bank facilities made available to:				
– subsidiary companies	–	–	566,748	811,824
– associated companies	427,568	506,248	427,568	506,248
Guarantees given to a third party in respect of certain instalments due under shipbuilding contract entered into by:				
– subsidiary company	–	118,859	–	118,859
– associated companies	133,520	–	133,520	–
Guarantee given to a third party in respect of certain instalments due under a contract to construct a floating dock entered into by:				
– an associated company	1,402	–	1,402	–
Other guarantees	17,940	14,430	–	–
	<u>580,430</u>	<u>639,537</u>	<u>1,129,238</u>	<u>1,436,931</u>

29. ULTIMATE HOLDING COMPANY

The directors regard IMC Pan Asia Alliance Corporation, a company incorporated in British Virgin Islands, as being the ultimate holding company.

30. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 9 April 2001.