

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The accounts have been prepared in accordance with generally accepted accounting principles in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants. The accounts are prepared under the historical cost convention as modified by the revaluation of investment properties and investments in securities.

(b) Consolidation

The consolidated accounts include the accounts of the company and its subsidiaries made up to 31st December. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the group 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.

(c) Goodwill

Goodwill represents the excess of purchase consideration over the fair values ascribed to the net assets of subsidiaries, associates and jointly controlled entities acquired and is taken directly to reserves in the year of acquisition. On disposal of a subsidiary, associate or jointly controlled entity, the related goodwill is included in calculating the profit or loss on disposal.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(d) Jointly controlled entities

A jointly controlled entity is an entity which through contractual arrangements is subject to joint control by the group and other parties, and none of the participating parties has unilateral control over the entity.

The consolidated profit and loss account includes the group's share of the results of jointly controlled entities for the year, and the consolidated balance sheet includes the group's share of the net assets of the jointly controlled entities. In the company's balance sheet the investments in jointly controlled entities are stated at cost less provision for permanent diminution in value when considered necessary by the directors. The results of jointly controlled entities are accounted for by the company on the basis of dividends received and receivable.

(e) Associates

An associate is a company, not being a subsidiary or a jointly controlled entity, in which an equity interest is held for the long term and significant influence is exercised in its management.

The group's investments in associates are included in the consolidated balance sheet at the group's share of net assets. The company's investments in associates are carried at cost less provision for permanent diminution in value when considered necessary by the directors. The results of associates are accounted for by the company on the basis of dividends received and receivables.

(f) Revenue recognition

The group's principal activities are property investment and sales, provision of financial services, toll road and other investments.

(i) *Interest and rental income*

Interest and rental income are recognised on an accruals basis.

(ii) *Gross insurance premiums less reinsurance*

Gross insurance premiums less reinsurance ceded are recognised at the risk inception date.

(iii) *Sale of properties*

Revenue arising from the sale of properties is recognised when the construction work and development of the properties contracted for sale have been completed and sale agreements are concluded.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(f) Revenue recognition (Continued)

(iv) *Commission income and management fees*

Commission income and management fees are recognised upon the provision of services.

(v) *Income from co-operative ventures*

Predetermined income from investment in co-operative ventures in which the group has no entitlement to profits or net assets is recognised on an accruals basis so as to produce a constant return on the investment balance (net of capital repayments) throughout the period of the group's investment in the venture.

(g) Fixed assets

Fixed assets other than investment properties (*note 1(b)*) and other properties are stated at cost less accumulated depreciation.

Other properties, which are interests in land and buildings, are stated at cost or valuation less accumulated depreciation. Surpluses arising from valuation of other properties are credited to land and building revaluation reserve; decreases are first set off against increases on earlier valuation of the same piece of other property and thereafter debited to the profit and loss account. Upon disposal of a property, the relevant portion of the revaluation reserve realised is released and transferred from the land and building revaluation reserve to retained profits.

In preparing these accounts, advantage has been taken of the transitional provisions set out in paragraph 72 of Statement of Standard Accounting Practice No. 17 issued by the Hong Kong Society of Accountants, with the effect that other properties have not been revalued to fair value at the balance sheet date.

Except for the above, the carrying amounts of other fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(g) Fixed assets (Continued)

Freehold land is not depreciated. Other fixed assets are depreciated at rates sufficient to write off their cost or valuation, less residual value, over their estimated useful lives at the following rates:

(i) *Straight line method:*

Leasehold land	Over the unexpired term of the lease
Buildings	Over the shorter of the unexpired term of the lease and thirty years
Computer equipment	20% – 25%

(ii) *Reducing balance method:*

Furniture, fixtures and office equipment	10% – 20%
Motor vehicles	20% – 25%

The gain or loss on disposal of a fixed asset other than investment properties is the difference between the net sale proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account.

(h) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential.

Investment properties held on leases with unexpired periods greater than 20 years are valued annually by independent valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment property revaluation reserve; decreases are first set off against increases on earlier valuations on a portfolio basis and thereafter are debited to the profit and loss account.

Investment properties held on leases with unexpired periods of 20 years or less are depreciated over the remaining terms of the leases.

Upon the disposal of an investment property, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the investment property revaluation reserve to the profit and loss account.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)**(i) Other investments**

Land use right is stated at cost less provision for permanent diminution in value when considered necessary by the directors.

Co-operative ventures in which the group has no entitlement to profits or net assets, but instead the investment income arising therefrom is predetermined in the venture agreements, are classified as other investments and are carried at cost less capital repayments received, so as to write down the cost to nil value over the contract period, irrespective of whether the group has control or significant influence over the management of the venture.

(j) Investments in securities*(i) Trading securities*

Trading securities are securities which were acquired for the purpose of generating a profit from short-term fluctuations in price and are stated at fair value at the balance sheet date. Fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Changes in fair value of trading securities are recognised in the profit and loss account as they arise.

(ii) Non-trading securities

Non-trading securities other than debt securities intended to be held-to-maturity are stated at fair value at the balance sheet date.

Changes in the fair value of non-trading securities are recognised in the investment revaluation reserve until the security is sold or determined to be impaired, at which time the cumulative gain or loss is transferred from the investment revaluation reserve to the profit and loss account.

(k) Properties held for sale

Properties held for sale are stated at the lower of cost and estimated net realisable value. Cost includes land cost, development expenditure and other direct expenses.

(l) Unearned premiums

Unearned premiums represent that portion of premiums written which are estimated to relate to periods of risk subsequent to the balance sheet date. They are computed on the gross premiums written from direct and reinsurance underwriting less reinsurance premiums ceded during the year on a 24th basis.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)

(m) Deferred acquisition costs

Deferred acquisition costs consist of commissions, discounts and other costs, after deducting reinsurance commission income, which are primarily related to the production of revenues. They are deferred and amortised over the terms of the insurance policies. Deferred acquisition costs are reviewed to determine if they are recoverable from future income. If such costs are determined to be irrecoverable, they are expensed at the time of determination.

(n) Outstanding insurance claims

Full provision is made for outstanding claims including those incurred but not reported. This provision, although not capable of precise assessment, is made in the light of available information, after taking into account direct claims handling expenses. Indirect expenses relating to the general administration of claims are not included as part of outstanding insurance claims. Amounts considered recoverable from other parties are included under current assets.

(o) Operating leases

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

(p) 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 asset is expected to be payable or recoverable in the foreseeable future.

(q) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of subsidiaries, associates and jointly controlled entities expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences arising are dealt with as a movement in reserves.

1. PRINCIPAL ACCOUNTING POLICIES (Continued)**(r) Retirement benefit costs**

The group's contributions to staff retirement schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the mandatory provident fund scheme (*note 6(c)*) prior to vesting fully in the contributions.

(s) Borrowing costs

All borrowing costs are charged to the profit and loss account in the year in which they are incurred.

2. TURNOVER AND SEGMENT INFORMATION

The group's turnover represents interest income, rental income, profit commission income, management fees, gross insurance premiums less reinsurance, gross proceeds from disposal of properties held for sale and income from a co-operative venture.

The amount of each significant category of revenue recognised during the year is as follows:

	2000	1999
	HK\$	HK\$
Interest income (<i>notes 14 and 22(a)</i>)	34,277,948	31,467,467
Rental income	3,416,703	3,065,370
Gross insurance premiums	81,639,666	87,241,682
Gross proceeds from properties held for sale	42,339,898	9,735,399
Income from a co-operative venture (<i>note 16(a)</i>)	19,815,307	21,826,193
Management fee	1,350,881	947,013
Profit commission income	144,078	748,425
	182,984,481	155,031,549
Less: Reinsurance	(14,918,916)	(15,892,616)
	168,065,565	139,138,933

2. TURNOVER AND SEGMENT INFORMATION (Continued)

An analysis of the group's turnover and contribution to operating profit by principal activities and by geographical locations is as follows:

Analysis by principal activities

	Turnover		Operating profit/(loss)	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Property investment and property sales	45,756,601	12,800,769	(593,807)	3,285,325
Insurance	66,720,750	71,349,066	206,638	244,634
Toll road investment	19,815,307	21,826,193	19,777,473	21,823,907
Investment holdings and others	35,772,907	33,162,905	4,700,695	9,143,991
	168,065,565	139,138,933	24,090,999	34,497,857

Geographical analysis by markets

	Turnover		Operating profit/(loss)	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Hong Kong	86,049,140	87,782,654	(7,013,460)	6,004,944
Other than Hong Kong				
The People's Republic of China	71,207,934	39,567,691	29,665,010	26,039,818
Macau	10,808,491	11,788,588	1,439,449	2,453,095
	82,016,425	51,356,279	31,104,459	28,492,913
	168,065,565	139,138,933	24,090,999	34,497,857

3. OTHER REVENUES

	2000	1999
	HK\$	HK\$
Dividend income from listed investments	246,973	806,160
Unrealised gain on trading securities	–	6,536,677
Write back of revaluation deficit of investment properties	–	2,233,752
Gain on disposal of an associated company	–	63,416
Gain on settlement of land use arrangement	3,966,170	–
Others	1,091,733	640,268
	5,304,876	10,280,273

4. NET COMMISSIONS, CLAIMS AND OTHER EXPENSES INCURRED ON INSURANCE BUSINESS

	2000	1999
	HK\$	HK\$
Gross commissions payable	26,906,089	28,405,242
Less: Commissions receivable from reinsurers	(5,286,785)	(5,015,750)
Net commissions payable	21,619,304	23,389,492
Gross claims incurred	23,702,111	43,317,883
Less: Claims refunded to/(recovered from) reinsurers	8,347,875	(4,834,961)
Net claims incurred	32,049,986	38,482,922
Claims handling expenses	3,416,343	991,657
	57,085,633	62,864,071

5. OTHER PROVISIONS AND LOSSES

	2000 HK\$	1999 HK\$
Net realised and unrealised losses in trading securities	1,082,447	–
Deficit on revaluation of investment properties	9,413,935	–
	10,496,382	–

6. OPERATING PROFIT

	Group	
	2000 HK\$	1999 HK\$
Operating profit is stated after crediting and charging the following:		
<i>Crediting:</i>		
Net exchange gains	727,402	563,246
<i>Charging:</i>		
Loss on disposal of fixed assets	98,588	351,882
Operating lease rentals in respect of land and buildings (a)	1,405,447	1,076,972
Auditors' remuneration	1,932,994	1,823,385
Management fee (b)	2,633,672	1,880,000
Retirement benefit costs (c)	1,206,184	1,266,844

- (a) During the year, office rental expenses of HK\$724,800 (1999: HK\$362,400) was paid to Golden Rewards Limited, a wholly owned subsidiary of a substantial shareholder of the company.
- (b) An amount of HK\$1,880,000 (1999: HK\$1,880,000) was paid to Vigour Fine Company Limited, a substantial shareholder of the company, for the provision of certain management services which include the provision of directors to the board of directors of the company.

An amount of HK\$753,672 (1999: HK\$Nil) was paid to a wholly owned subsidiary company of Fujian International Trust & Investment Corporation, a substantial shareholder of the company, for the provision of certain business and strategic development service and advice through the nomination of officers to a subsidiary company of the company.

6. OPERATING PROFIT (Continued)

- (c) The group contributed to a defined contribution scheme, which was available to all eligible employees. The assets of the scheme were held separately from those of the group in an independently administered fund. Contributions to the scheme by the group and employees were calculated at 15% of the employees' basic salary until 30th November 2000 when the scheme was replaced by a mandatory provident fund scheme ("MPF Scheme") set up under the Mandatory Provident Fund Schemes Ordinance. The group's contribution to the old retirement scheme could not be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

The group's monthly contributions (mandatory and voluntary) to the MPF Scheme for each employee is calculated as the lower of HK\$2,000 or 10% (or 6% for employees who joined after 30th September 2000) of the monthly basic salary. Forfeited employer contributions in respect of the MPF Scheme can be used to reduce the amount of future employer contributions.

7. FINANCE COSTS

	Group	
	2000	1999
	HK\$	HK\$
Interest on bank loans	3,218,282	4,066,172
Interest on other loans wholly repayable within five years	970,913	1,236,740
	4,189,195	5,302,912

8. SENIOR EXECUTIVES' EMOLUMENTS**(a) Directors' emoluments**

	2000	1999
	HK\$	HK\$
Fees	428,088	426,911
Salaries, housing and other allowances, and benefits in kind	1,554,654	2,158,436
Bonuses	–	2,130,000
	1,982,742	4,715,347

8. SENIOR EXECUTIVES' EMOLUMENTS (Continued)**(a) Directors' emoluments (Continued)**

The emoluments were paid to the directors as follows:

Emoluments Band	Number of Directors	
	2000	1999
HK\$Nil – HK\$1,000,000	6	10
HK\$1,500,001 – HK\$2,000,000	1	–
HK\$2,000,001 – HK\$2,500,000	–	1

See also note 6 above for the management fee paid.

Emoluments paid to independent non-executive directors amounted to HK\$274,754 during the year (1999: HK\$240,884).

(b) Other senior executives' emoluments

The analysis in note (a) above does not include those individuals who are not directors but whose emoluments were among the five highest in the group. Details of the emoluments paid to those individuals are as follows:

	2000	1999
	HK\$	HK\$
Salaries, housing and other allowances, and benefits in kind	3,622,717	2,538,411
Contributions to provident fund schemes	184,420	138,390
	3,807,137	2,676,801

Emoluments Band	Number of Individuals	
	2000	1999
HK\$Nil – HK\$1,000,000	3	3
HK\$1,000,001 – HK\$1,500,000	1	–

9. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the year. 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.

	Group	
	2000 HK\$	1999 HK\$
Company and subsidiaries:		
Hong Kong profits tax	26,580	41,489
Overseas taxation	2,094,561	1,023,819
	2,121,141	1,065,308
Under/(over) provision in prior years:		
Hong Kong profits tax	21,693	(349,968)
Overseas taxation	(6,513)	(4,608)
	15,180	(354,576)
	2,136,321	710,732
Jointly controlled entities:		
Hong Kong profits tax	—	(128,594)
Overseas taxation	5,782,424	4,250,631
	5,782,424	4,122,037
	7,918,745	4,832,769
Deferred taxation for the year has not been provided/(credited) in respect of the following:		
Accelerated depreciation allowances	117,802	140,048
Unutilised tax losses	1,024,612	(1,265,898)
	1,142,414	(1,125,850)

10. (LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The (loss)/profit attributable to shareholders is dealt with in the accounts of the company to the extent of a loss of HK\$37,598,151 (1999: a profit of HK\$47,765,550).

11. (LOSS)/EARNINGS PER SHARE

The calculation of (loss)/earnings per share is based on loss attributable to shareholders of HK\$39,179,930 (1999: a profit of HK\$23,671,533) and the weighted average number of 459,427,672 (1999: 459,920,633) shares in issue during the year.

12. FIXED ASSETS

Group

	Investment properties HK\$	Other properties HK\$	Furniture, fixtures, office and computer equipment HK\$	Motor vehicles HK\$	Total HK\$
Cost or valuation					
At 1st January 2000	95,868,486	81,779,639	8,144,039	4,515,315	190,307,479
Translation differences	5,286	1,391	1,724	2,785	11,186
Additions	2,114,820	–	2,245,311	483,039	4,843,170
Reclassification	14,587,950	(14,587,950)	–	–	–
Revaluation	(11,277,115)	–	–	–	(11,277,115)
Disposals	–	(124,356)	(689,807)	(186,164)	(1,000,327)
At 31st December 2000	101,299,427	67,068,724	9,701,267	4,814,975	182,884,393
Accumulated depreciation					
At 1st January 2000	–	7,891,194	3,100,665	2,965,143	13,957,002
Translation differences	–	10	982	839	1,831
Reclassification	1,863,180	(1,863,180)	–	–	–
Revaluation	(1,863,180)	–	–	–	(1,863,180)
Charge for the year	–	1,681,894	922,297	354,665	2,958,856
Disposals	–	(2,798)	(365,064)	(164,956)	(532,818)
At 31st December 2000	–	7,707,120	3,658,880	3,155,691	14,521,691
Net book value					
At 31st December 2000	101,299,427	59,361,604	6,042,387	1,659,284	168,362,702
At 31st December 1999	95,868,486	73,888,445	5,043,374	1,550,172	176,350,477

12. FIXED ASSETS (Continued)**Company**

	Investment properties	Other properties	Furniture, fixtures, office and computer equipment	Motor vehicles	Total
	HK\$	HK\$	HK\$	HK\$	HK\$
Cost or valuation					
At 1st January 2000	51,908,486	4,329,300	3,243,007	3,771,204	63,251,997
Translation differences	5,009	–	615	–	5,624
Additions	–	–	266,055	–	266,055
Transfer to a subsidiary	(21,000,000)	–	–	–	(21,000,000)
Revaluation	(3,794,068)	–	–	–	(3,794,068)
Disposals	–	–	(256,045)	–	(256,045)
At 31st December 2000	27,119,427	4,329,300	3,253,632	3,771,204	38,473,563
Accumulated depreciation					
At 1st January 2000	–	44,357	807,339	2,741,009	3,592,705
Translation differences	–	–	438	–	438
Charge for the year	–	51,480	321,228	206,038	578,746
Disposals	–	–	(91,138)	–	(91,138)
At 31st December 2000	–	95,837	1,037,867	2,947,047	4,080,751
Net book value					
At 31st December 2000	27,119,427	4,233,463	2,215,765	824,157	34,392,812
At 31st December 1999	51,908,486	4,284,943	2,435,668	1,030,195	59,659,292

12. FIXED ASSETS (Continued)

The net book value of investment properties and other properties is analysed as follows:

	Group		Company	
	Investment properties HK\$	Other properties HK\$	Investment properties HK\$	Other properties HK\$
Held in Hong Kong				
On long-term lease (over 50 years)				
At professional valuation 1992	–	46,070,760	–	–
At professional valuation 2000	9,500,000	–	–	–
At net book value	–	11,180,755	–	4,233,463
On medium-term lease (10 – 50 years)				
At professional valuation 2000	29,000,000	–	–	–
Held outside Hong Kong				
Freehold				
At net book value	–	2,110,089	–	–
On long-term lease (over 50 years)				
At professional valuation 2000	5,180,000	–	–	–
On medium-term lease (10 – 50 years)				
At professional valuation 2000	57,619,427	–	27,119,427	–
	101,299,427	59,361,604	27,119,427	4,233,463

The investment properties were revalued on an open market value basis at 31st December 2000 by independent professional valuers, namely, Chesterton Petty Limited in Hong Kong and Fujian Zhongxing Assets Appraisal Co., Ltd. in The People's Republic of China.

The valuation of certain other properties was carried out by an independent professional valuer, Chesterton Petty Limited, on an open market value basis at 31st December 1992.

The carrying amount of the other properties of the group would have been HK\$34,254,001 (1999: HK\$49,369,341) had they been stated at cost less accumulated depreciation.

The title deeds in respect of the investment properties held by a subsidiary in Hong Kong are placed in the custody of the Office of the Commissioner of Insurance.

One of the other properties of the group with a net book value of HK\$46,070,760 (1999: HK\$47,216,608) has been pledged to a bank as security for the group's banking facilities.

13. SUBSIDIARIES

	Company	
	2000 HK\$	1999 HK\$
Unlisted shares, at cost	105,763,490	110,863,488
Amounts due from subsidiaries	419,633,790	413,561,120
Amounts due to subsidiaries	(79,276,969)	(80,769,303)
	446,120,311	443,655,305
Less: Provisions	(118,273,202)	(143,543,378)
	327,847,109	300,111,927

As of 31st December 2000, an amount of RMB6 million (1999: RMB 3.5 million) has been advanced to a non-wholly owned subsidiary, on normal commercial terms, for the purpose of financing a property project. The loan is unsecured, bears interest at 8% per annum and is repayable on or before 31st December 2001.

Except for the above, the amounts due from/to subsidiaries have no fixed terms for repayment and interest is charged at the discretion of the holding company.

The following is a list of the subsidiaries at 31st December 2000 which principally affect the results and assets of the group:

Name	Place of incorporation/ operation	Principal activities	Nominal value of issued ordinary share capital/ registered capital	Group equity interest
@ Able Group Limited	Hong Kong	Investment holding	HK\$2	100%
^*Beijing Minxin Ferdinand Property Management Co., Ltd.	The People's Republic of China	Property letting and subletting	US\$6,000,000#	51%
Crown Land International Limited	Hong Kong	Investment holding	HK\$10,000	100%

13. SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Principal activities	Nominal value of issued ordinary share capital/ registered capital	Group equity interest
@ Dorfine Development Limited	Hong Kong	Property investment	HK\$2	100%
* Hangzhou Minxin Real Estate Development Co., Ltd. (note (a))	The People's Republic of China	Property investment and trading	US\$5,000,000#	100%
^*Jinan Pacific Real Estate Development Co., Ltd.	The People's Republic of China	Property development and property sale	RMB13,881,160#	51%
@ Min Xin (China) Investment Limited	British Virgin Islands	Investment holding	US\$1	100%
@ Minxin Ferdinand Investments Limited	Hong Kong	Investment holding	HK\$5,000,000	51%
@ Min Xin Infrastructure Limited	British Virgin Islands	Investment holding	US\$1	100%
@ Min Xin Insurance Company Limited	Hong Kong	Insurance	HK\$55,000,000	100%
Min Xin Insurance Consultants Limited	Hong Kong	Insurance agent	HK\$2	100%
Min Xin Properties Limited	Hong Kong	Investment holding	HK\$5,000,000	100%
Min Xin (Zhangzhou) Investments Limited	British Virgin Islands	Investment holding	US\$240,000 'A' shares US\$120,000 'B' shares	100% 83.3%
@ Sharp Star Limited	Hong Kong	Property investment	HK\$2	100%

13. SUBSIDIARIES (Continued)

Name	Place of incorporation/ operation	Principal activities	Nominal value of issued ordinary share capital/ registered capital	Group equity interest
Shining Gold Limited	British Virgin Islands	Investment holding	US\$1	100%
Wide Exposure Developments Limited	British Virgin Islands	Investment holding	US\$1	100%
@ Take Chance Company Limited	Hong Kong	Property investment	HK\$2	100%
@ Welljet Development Limited	Hong Kong	Property investment	HK\$2	100%

Note (a) Subsequent to the year end, the group disposed of its interest in Hangzhou Minxin Real Estate Development Co., Ltd. (a wholly owned foreign enterprise in The People's Republic of China) which holds the land use right in Hangzhou City (*note 16(b)*) and certain bank balances (*note 22(b)*) to an independent third party for a cash consideration equivalent to approximately HK\$94 million. The transaction generated a gain of approximately HK\$60 million to the group which is not subject to taxation.

^ Equity joint venture in The People's Republic of China.

* Companies not audited by PricewaterhouseCoopers. The group's result before taxation attributable to these companies amounted to profit of HK\$1,510,994 (1999: a loss of HK\$3,821,794).

@ Subsidiaries held directly by the company.

Registered capital

14. JOINTLY CONTROLLED ENTITIES

	Group	
	2000 HK\$	1999 HK\$
Share of net assets	252,497,411	319,940,754
Loans to jointly controlled entities	135,398,864	119,448,864
Amounts due from jointly controlled entities	52,424,101	23,104,734
	440,320,376	462,494,352
Unlisted investments, at cost	210,805,000	210,805,000
	Company	
	2000 HK\$	1999 HK\$
Unlisted investments, at cost	210,805,000	210,805,000
Loans to jointly controlled entities	135,398,864	119,448,864
Amounts due from jointly controlled entities	52,289,101	23,104,734
	398,492,965	353,358,598
Less: Provisions	(140,836,995)	(75,564,475)
	257,655,970	277,794,123

There is no goodwill in the accounts of the group's jointly controlled entities.

There was no dividend received from the jointly controlled entities during the year (1999: HK\$20,023,238). The group's share of losses less profits retained (net of dividends paid and transfer to/from other reserves) for the year of the jointly controlled entities amounted to HK\$58,694,000 (1999: HK\$23,589,509).

The loans to and amounts due from jointly controlled entities have no fixed terms for repayment and an amount of HK\$11,103,000 (1999: HK\$3,128,000) of which bears interest at Hong Kong dollar prime rate plus 3.5% (1999: Hong Kong dollar prime rate plus 3.5%) while the remaining balance bears interest at 12% per annum (1999: 12%). During the year, interest income of HK\$15,546,666 (1999: HK\$13,066,231) was generated from loans to jointly controlled entities.

14. JOINTLY CONTROLLED ENTITIES (Continued)

The following is a list of the principal jointly controlled entities:

Name	Place of incorporation/ operation	Principal activities	Group's attributable interest in ownership/ profit sharing
Asian Eagle Limited	Hong Kong	Property development	35%
† MT Finance Limited	Hong Kong	Money lending	50%
† Westly Limited (a)	Hong Kong	Investment holding	50%
† Xiamen International Bank, and its subsidiaries (b)	The People's Republic of China	Banking	36.75%
Fast Rise Investments Limited	Hong Kong	Property investment	36.75%
Industrial and Commercial International Capital Limited	Hong Kong	Financial services	18.74%
Luso International Banking Limited	Macau	Banking	36.75%
Setwide Investments Limited	Hong Kong	Property investment	36.75%
Silver Win Development Limited	Hong Kong	Property investment	36.75%
Wealth Rise Development Limited	Hong Kong	Property investment	36.75%
XIB Properties Limited	The Republic of Liberia	Property investment	36.75%

(a) Westly Limited and its subsidiary ("Westly Group") is a developer of a property located in Hong Kong. During the year, the Westly Group incurred a loss of HK\$127.6 million (1999: HK\$31.2 million) including deficit on revaluation of properties held for sale of HK\$63.5 million (1999: HK\$5 million) and finance costs of HK\$43.2 million (1999: HK\$27.6 million). The group's share of the loss of Westly Group for the year amounted to HK\$63.8 million (1999: HK\$15.6 million).

(b) Xiamen International Bank is a major jointly controlled entity directly held by the company. The group has a 36.75% interest in ownership and, jointly with a substantial shareholder of the company, a 47.62% interest in voting power of the Board of directors of the jointly controlled entity. The 2000 consolidated balance sheet and profit and loss account of Xiamen International Bank extracted from its management accounts are set out in the Appendix 2 of the company's 2000 annual report as supplementary information.

† Jointly controlled entities directly held by the company.

15. ASSOCIATES

	Group	
	2000	1999
	HK\$	HK\$
Share of net assets/(liabilities)	6,443,072	(249,202)
Loans to associates	82,225,541	89,664,903
Amount due from an associate	101,565	101,187
	88,770,178	89,516,888
Unlisted investments, at cost	6,285,803	6,285,803
	Company	
	2000	1999
	HK\$	HK\$
Unlisted investments, at cost	–	–

There is no goodwill in the accounts of the group's associates.

Dividend from an associate during the year amounted to HK\$5,982,285 (1999: HK\$5,551,273). The group's share of profits retained (net of dividends paid and transfer to other reserves) less losses for the year of the associates amounted to HK\$6,697,000 (1999: HK\$5,012,065).

The loans to and amount due from associates are interest free (1999: *Interest free*) and have no fixed terms for repayment.

15. ASSOCIATES (Continued)

The following is a list of the principal associates:

Name	Place of incorporation/ operation	Principal activities	Group equity interest
* Chang Xin International Real Estate Development Co., Ltd.	The People's Republic of China	Property development	20%
* Maanshan Huan Tung Highway Development Limited	The People's Republic of China	Infrastructure	21% †
* Ningbo Nickwell Highway Development Company Limited	The People's Republic of China	Infrastructure	26% #
* Ningbo Raytek Highway Development Company Limited	The People's Republic of China	Infrastructure	26% #
* Ningbo Wise Link Highway Development Company Limited	The People's Republic of China	Infrastructure	26% #
* Promise Good Limited	British Virgin Islands	Investment holding	40%
* Vigorous Developments Limited	British Virgin Islands	Investment holding	30%

* Companies not audited by PricewaterhouseCoopers. The group's result before taxation attributable to these companies amounted to profit of HK\$12,857,522 (1999: HK\$10,835,186).

† The profit sharing attributable to the group commenced from January 2000 is 24% for the first five years, 18% for the second five years and 21% for the remaining fifteen years.

The profit sharing attributable to the group commenced from August 1998 is 32% for the first five years, 20% for the second five years and 26% for the remaining fifteen years.

16. OTHER INVESTMENTS

	Group	
	2000 HK\$	1999 HK\$
Outside Hong Kong		
Co-operative venture (a)	111,527,257	127,223,614
Land use right (b)	29,324,544	26,466,607
	140,851,801	153,690,221

- (a) In August 1996, a subsidiary company, Min Xin (Zhangzhou) Investments Limited ("Min Xin Zhangzhou") entered into a venture agreement with an independent third party ("PRC Partner") for the setting up of a Sino-foreign co-operative venture ("Zhangzhou venture") in Zhangzhou City, Fujian Province, The People's Republic of China. The principal activity of Zhangzhou venture is the operation of a toll road. Zhangzhou venture is valid for a period of fifteen years from the date of issue of the business licence. Under the venture agreement, Min Xin Zhangzhou is entitled to nominate directors representing a majority of the board. Pursuant to a management contract entered into between the PRC Partner, Min Xin Zhangzhou and Zhangzhou venture, the PRC Partner has been appointed to manage the business operation of Zhangzhou venture.

Both the total investment and registered capital of Zhangzhou venture are US\$29.88 million (approximately HK\$233 million). In accordance with the venture agreement, the group contributed US\$12 million (approximately HK\$94 million) to the capital of Zhangzhou venture and is entitled to receive cash distributions totalling US\$21.57 million (approximately HK\$168 million) during the six years period from the date of the capital contribution made by Min Xin Zhangzhou, but will not be entitled to the profit or net assets of the Zhangzhou venture. In April 1997, Min Xin Zhangzhou entered into a supplemental venture agreement with the PRC Partner to acquire from the PRC Partner an additional interest in the capital of Zhangzhou venture for US\$6 million (approximately HK\$47 million), and as a result Min Xin Zhangzhou is entitled to receive additional cash distributions totalling US\$12.96 million (approximately HK\$101 million) during the eight years period from the date of the additional investment made by Min Xin Zhangzhou.

Under the venture agreement, Min Xin Zhangzhou's interest in Zhangzhou venture will be transferred to the PRC Partner at a consideration of US\$1 once it has received all the cash distributions.

Since the commencement of the project, Min Xin Zhangzhou has been receiving the scheduled cash distributions of US\$14.71 million (approximately HK\$114.7 million) on time.

- (b) The land use right is in respect of a parcel of land located in the Jianggan area, Hangzhou City, The People's Republic of China. Interest in part of the land use right has been subcontracted to a third party under a subcontracting arrangement. Subsequent to the year end, the group's interest in the land use right was sold to an independent third party (*note 13(a)*).

17. OTHER ASSET

Group and Company		
	2000 HK\$	1999 HK\$
Advance to an unrelated company	64,500,000	64,500,000

The advance which carries interest at 14% (1999: 14%) per annum with a management fee of 4% (1999: 4%) per annum calculated on the outstanding balance, is fully secured by certain units of a building in Fuzhou, The People's Republic of China.

During the year, the company took legal action against the borrower for settlement of the loan which was not repaid as originally scheduled. On 26th January 2001, a court order was granted to confirm the company's right to foreclose the secured units of the building. The company is currently in the process of executing the court order and the directors are of the view that, based on valuation reports obtained, the advance will be recoverable.

During the year, interest income of HK\$4,246,132 (1999: HK\$3,314,544) and management fee of HK\$1,213,181 (1999: HK\$947,013) have been accounted for in the profit and loss account on cash receipt basis.

18. PROPERTIES HELD FOR SALE

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Properties under development, at cost	12,873,822	16,014,933	–	–
Completed properties, at cost	31,789,679	17,467,005	–	–
	44,663,501	33,481,938	–	–

19. SHORT TERM LOAN

The balance represents a loan granted to a jointly controlled entity on behalf of its other shareholder. The loan which carries interest at 3.5% above Hong Kong dollar prime rate per annum, is secured by the other shareholder's shares in and loan to the jointly controlled entity and is repayable on demand.

20. INSURANCE DEBTORS

The majority of the insurance debtors is on open account basis with the credit terms, including whether guarantees from third parties are required, determined by senior management.

At 31st December 2000, the ageing analysis of the insurance debtors was as follows:

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Current	4,984,498	4,990,165	—	—
30 – 60 days	5,656,298	6,052,966	—	—
60 – 90 days	5,193,475	5,167,831	—	—
Over 90 days	7,300,836	8,454,351	—	—
	23,135,107	24,665,313	—	—

21. TRADING SECURITIES

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Investments in equity securities listed in Hong Kong, at market value	10,131,997	24,907,938	4,683,056	20,071,724

22. CASH AND BANK BALANCES

Included in cash and bank balances are:

- (a) deposits with jointly controlled financial institutions totalling HK\$147,168,348 (1999: HK\$141,957,682) for the group and HK\$127,195,930 (1999: HK\$119,649,114) for the company. The deposits carry interest at normal commercial rates and generated interest income of HK\$7,950,781 (1999: HK\$8,724,395) to the group for the year.

22. CASH AND BANK BALANCES (Continued)

- (b) deposits of a subsidiary, Hangzhou Minxin Real Estate Development Co., Ltd. (“HZMX”) with certain banks in The People’s Republic of China totalling RMB24.6 million (equivalent to HK\$23.1 million) where the subsidiary has disputes with the banks concerned. The banks claim that some of these deposits have already been uplifted or are designated deposits for onlending to third parties. Legal proceedings have been taken by the subsidiary to recover those deposits and a provision of RMB12.2 million (equivalent to HK\$11.4 million) was made in 1998. In 1999, RMB5.7 million (equivalent to HK\$5.3 million) of the deposits was written off against the provision and RMB2.3 million (equivalent to HK\$2.2 million) was recovered.

The remaining deposits at 31st December 2000 amounted to RMB16.6 million (equivalent to HK\$15.6 million), against which a provision of RMB6.5 million (equivalent to HK\$6.1 million) was made in 1998. Legal proceedings is still in process to recover the deposits.

As mentioned in note 13(a), the group’s interest in HZMX including the bank deposits in dispute was disposed of subsequent to the year end.

- (c) In accordance with a request from The Commissioner of Insurance, one subsidiary maintains at all times a portion of its funds, being not less than HK\$16 million (1999: HK\$16 million), in fixed deposits.

23. INSURANCE LIABILITIES

At 31st December 2000, the ageing analysis of the insurance liabilities was as follows:

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Current	3,712,034	2,326,337	–	–
30 – 60 days	2,119,674	3,232,053	–	–
60 – 90 days	2,083,845	2,045,397	–	–
Over 90 days	2,529,661	4,397,623	–	–
	10,445,214	12,001,410	–	–

24. LOANS

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Current portion of long term loans (note 25)				
Bank loan – secured	11,230,128	6,993,720	–	–
Other loan – unsecured	7,174,804	6,682,888	7,174,804	6,682,888
	18,404,932	13,676,608	7,174,804	6,682,888

25. LONG TERM LIABILITIES

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Bank loan – secured	34,626,228	41,496,072	–	–
Other loan – unsecured	7,174,804	13,832,024	7,174,804	13,832,024
	41,801,032	55,328,096	7,174,804	13,832,024
Less: Amounts due within one year included under current liabilities (note 24)	(18,404,932)	(13,676,608)	(7,174,804)	(6,682,888)
	23,396,100	41,651,488	–	7,149,136

The other loan is repayable within one year and bear interest at London Interbank Offered Rate plus 1.75% per annum.

25. LONG TERM LIABILITIES (Continued)

The maturity profile of the bank loan and other loan is as follows:

	Group		Company	
	2000	1999	2000	1999
	HK\$	HK\$	HK\$	HK\$
– within one year	18,404,932	13,676,608	7,174,804	6,682,888
– in the second year	14,973,504	18,339,088	–	7,149,136
– in the third to fifth years inclusive	8,422,596	23,312,400	–	–
	41,801,032	55,328,096	7,174,804	13,832,024

On 30th March 2001, the bank loan was fully repaid (*note 29(a)*).

26. DEFERRED TAXATION

The potential asset/(liability) for deferred taxation for which no provision has been made in the accounts amounts to:

	Group		Company	
	2000	1999	2000	1999
	HK\$	HK\$	HK\$	HK\$
Accelerated depreciation allowances	(931,593)	(813,791)	(432,879)	(469,770)
Unutilised tax losses	9,929,475	10,954,087	5,882,966	6,812,591
	8,997,882	10,140,296	5,450,087	6,342,821

The revaluation of properties, other than those held by the group in The People's Republic of China, does not constitute a timing difference for deferred tax purposes as realisation of the revaluation surplus would not result in a tax liability.

27. SHARE CAPITAL

Authorised		
Ordinary shares of HK\$1 each		
	No. of shares	HK\$
At 31st December 1999 and 31st December 2000	800,000,000	800,000,000
Issued and fully paid		
Ordinary shares of HK\$1 each		
	No. of shares	HK\$
At 1st January 1999	464,226,567	464,226,567
Repurchase of shares	(4,918,000)	(4,918,000)
At 31st December 1999 and 1st January 2000	459,308,567	459,308,567
Exercise of warrants	120,089	120,089
At 31st December 2000	459,428,656	459,428,656

120,089 units of the warrants of the company were exercised on 30th December 1999, resulting in the issue of 120,089 shares by the company on 4th January 2000 at the subscription price of HK\$4.48 per share; the remaining 85,886,265 units of the outstanding warrants lapsed after the close of business on 30th December 1999 which is the last business day for exercising the warrants.

28. RESERVES

Group

	Capital		Statutory reserve	Reserve fund	General reserve	Investment revaluation reserve	Other properties revaluation reserve	Exchange translation reserve	Retained profit/ Capital (accumulated loss)		Total
	Share premium	redemption reserve							reserve	loss	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1st January 1999	384,202,922	42,168,000	29,194,987	32,572,386	119,321,524	-	29,637,416	3,404,965	29,327,735	(38,598,398)	631,231,537
Shares repurchased	-	4,918,000	-	-	-	-	-	-	-	(2,817,826)	2,100,174
Change in fair value of non-trading securities	-	-	-	-	-	5,982,610	-	-	-	-	5,982,610
Goodwill on increase in shareholdings in subsidiary	-	-	-	-	-	-	-	-	(2,674,042)	-	(2,674,042)
Goodwill on acquisition of an associate	-	-	-	-	-	-	-	-	(2,931,205)	-	(2,931,205)
Goodwill released on disposal of an associate	-	-	-	-	-	-	-	-	6,900,470	-	6,900,470
Reserves released on disposal of an associate	-	-	-	(495,925)	(1,063,779)	-	-	(212,494)	(2,937,485)	4,709,683	-
Exchange translation differences	-	-	-	-	1,210	-	-	(153,485)	-	-	(152,275)
Profit attributable to shareholders	-	-	-	-	-	-	-	-	-	23,671,533	23,671,533
Transfers	-	-	358,937	2,143,906	(13,151,215)	-	-	-	-	10,648,372	-
Dividend	-	-	-	-	-	-	-	-	-	(18,377,146)	(18,377,146)
At 31st December 1999 and 1st January 2000	384,202,922	47,086,000	29,553,924	34,220,367	105,107,740	5,982,610	29,637,416	3,038,986	27,685,473	(20,763,782)	645,751,656
Premium on issue of new shares	417,492	-	-	-	-	-	-	-	-	-	417,492
Change in fair value of non-trading securities	-	-	-	-	-	616,395	-	-	-	-	616,395
Exchange translation differences	-	-	-	-	1,511	-	-	(313,279)	-	-	(311,768)
Loss attributable to shareholders	-	-	-	-	-	-	-	-	-	(39,179,930)	(39,179,930)
Transfers	-	-	-	-	(9,187,501)	-	-	-	-	9,187,501	-
At 31st December 2000	384,620,414	47,086,000	29,553,924	34,220,367	95,921,750	6,599,005	29,637,416	2,725,707	27,685,473	(50,756,211)	607,293,845

28. RESERVES (Continued)

Group

	Capital		Statutory reserve	Reserve fund	General reserve	Investment revaluation reserve	Other properties revaluation reserve	Exchange translation reserve	Retained profit/ Capital (accumulated loss)		Total
	Share premium	redemption reserve							reserve	loss	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Company and subsidiaries	384,620,414	47,086,000	-	-	405,721	-	29,637,416	2,808,108	2,051,754	98,678,786	565,288,199
Jointly controlled entities	-	-	29,553,924	34,220,367	95,179,798	6,599,005	-	-	30,024,616	(153,885,299)	41,692,411
Associates	-	-	-	-	336,231	-	-	(82,401)	(4,390,897)	4,450,302	313,235
At 31st December 2000	384,620,414	47,086,000	29,553,924	34,220,367	95,921,750	6,599,005	29,637,416	2,725,707	27,685,473	(50,756,211)	607,293,845
Company and subsidiaries	384,202,922	47,086,000	-	-	404,210	-	29,637,416	3,094,390	2,051,754	76,674,215	543,150,907
Jointly controlled entities	-	-	29,553,924	34,220,367	104,545,536	5,982,610	-	-	30,024,616	(95,191,299)	109,135,754
Associates	-	-	-	-	157,994	-	-	(55,404)	(4,390,897)	(2,246,698)	(6,535,005)
At 31st December 1999	384,202,922	47,086,000	29,553,924	34,220,367	105,107,740	5,982,610	29,637,416	3,038,986	27,685,473	(20,763,782)	645,751,656

The statutory reserve attributable to the jointly controlled entities is set aside in accordance with the relevant statutory requirements. The reserve fund attributable to the jointly controlled entities is set aside for paying up the unpaid registered capital and is not available for distribution. The general reserve is transferred from retained earnings and is available for general use. The capital reserve represents reserve arising from consolidation of subsidiaries, associates and jointly controlled entities acquired.

28. RESERVES (Continued)**Company**

	Share premium HK\$	Capital redemption reserve HK\$	Investment property revaluation reserve HK\$	Retained profit/ (accumulated loss) HK\$	Total HK\$
At 1st January 1999	384,202,922	42,168,000	2,018,797	(5,367,302)	423,022,417
Shares repurchased	–	4,918,000	–	(2,817,826)	2,100,174
Deficit on revaluation of properties	–	–	(1,645,246)	–	(1,645,246)
Profit for the year	–	–	–	47,765,550	47,765,550
Dividend	–	–	–	(18,377,146)	(18,377,146)
At 31st December 1999 and 1st January 2000	384,202,922	47,086,000	373,551	21,203,276	452,865,749
Premium on issue of new shares	417,492	–	–	–	417,492
Deficit on revaluation of properties	–	–	(3,794,345)	–	(3,794,345)
Reserve realised upon disposal of investment property	–	–	7,116,329	–	7,116,329
Loss for the year	–	–	–	(37,598,151)	(37,598,151)
At 31st December 2000	384,620,414	47,086,000	3,695,535	(16,394,875)	419,007,074

As at 31st December 2000, the company had no distributable reserves as calculated under section 79B of the Companies Ordinance (1999: *Distributable reserve for HK\$21,203,276*).

29. CONTINGENT LIABILITIES

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Banking facilities guarantees (a)	57,300,000	72,300,000	104,092,200	118,924,800
Other guarantees (b)	4,618,238	1,139,907	–	–
	61,918,238	73,439,907	104,092,200	118,924,800

- (a) The company has given guarantees for general banking facilities granted to a subsidiary company and jointly controlled entities to the extent of HK\$46.8 million (1999: HK\$46.6 million) and HK\$57.3 million (1999: HK\$72.3 million) respectively. The banking facilities utilised by the subsidiary were fully repaid subsequent to the year end. The actual amounts of banking facilities utilised by the jointly controlled entities were HK\$35,381,382 (1999: HK\$70,027,611).
- (b) The group has given guarantees for mortgage loan facilities granted to certain buyers on the properties sold in The People's Republic of China.

30. CAPITAL COMMITMENTS

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Authorised but not contracted for	2,750,000	8,769,135	2,750,000	2,750,000
Contracted but not provided for	515,292	17,543,633	156,189	155,607
	3,265,292	26,312,768	2,906,189	2,905,607
The group's share of capital commitments of the jointly controlled entities are as follows:				
Authorised but not contracted for	10,999	135,975	–	–
Contracted but not provided for	2,702,595	10,073,175	–	–
	2,713,594	10,209,150	–	–

31. LEASE COMMITMENTS

	Group		Company	
	2000 HK\$	1999 HK\$	2000 HK\$	1999 HK\$
Operating lease commitments at 31st December payable in the next twelve months, analysed according to the period in which the lease expires, are as follows:				
Land and buildings				
– expiring in the first year	272,275	87,006	225,750	1,107,200
– expiring in the second to fifth years inclusive	983,041	1,060,503	724,800	982,800
	1,255,316	1,147,509	950,550	2,090,000

32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**a) Reconciliation of (loss)/profit before taxation to net cash outflow from operating activities**

	2000	1999
	HK\$	HK\$
(Loss)/profit before taxation	(29,517,988)	29,779,531
Share of profits less losses of jointly controlled entities	62,277,314	10,250,600
Share of profits less losses of associates	(12,857,522)	(10,835,186)
Deficit/(surplus) on revaluation of investment properties	9,413,935	(2,233,752)
Depreciation	2,958,856	2,502,530
Gain on sale of an associate	–	(63,416)
Loss on sale of fixed assets	98,588	351,882
Increase in amount due from jointly controlled entities (net)	(29,319,367)	(13,066,230)
(Increase)/decrease in amounts due from associates	(378)	62,896
Increase in properties held for sale	(11,181,563)	(16,233,230)
Decrease in deferred acquisition costs	891,397	1,251,168
Decrease in insurance debtors	1,530,206	98,216
Decrease in claims recoverable from reinsurers	17,514,554	10,067,145
Decrease in other debtors and prepayments	20,851,551	2,881,745
Decrease/(increase) in trading securities	14,775,941	(9,400,294)
Decrease in unearned premiums	(2,956,460)	(3,110,348)
Decrease in gross outstanding insurance claims	(18,658,508)	(2,891,393)
Decrease in insurance liabilities	(1,556,196)	(249,310)
(Decrease)/increase in other creditors and accruals	(10,466,869)	14,331,845
Dividend income from listed investments	(246,973)	(806,160)
Interest income	(34,277,948)	(31,467,467)
Interest expenses	4,189,195	5,302,912
Exchange difference	(475,372)	(187,402)
Net cash outflow from operating activities	(17,013,607)	(13,663,718)

32. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)**b) Analysis of changes in financing during the year**

	Loans	Share capital (including premium)	Minority interests
	HK\$	HK\$	HK\$
Balance at 1st January 1999	66,540,233	848,429,489	18,256,242
Repurchase of shares	–	(4,918,000)	–
Purchase from minority interests	–	–	173,227
Repayment of loans and advances to minority interests	–	–	(4,688,980)
Dividends paid to minority interests	–	–	(1,200,000)
Repayment of loans	(11,416,436)	–	–
Share of profit for the year	–	–	1,275,229
Exchange translation difference	204,299	–	214,004
Balance at 31st December 1999 and 1st January 2000	55,328,096	843,511,489	14,029,722
Proceeds from issue of shares	–	537,581	–
Loans and advances from minority interests	–	–	4,613,283
Dividends paid to minority interests	–	–	(1,050,000)
Repayment of loans	(13,725,712)	–	–
Share of profit for the year	–	–	1,743,197
Exchange translation difference	198,648	–	56,651
Balance at 31st December 2000	41,801,032	844,049,070	19,392,853

33. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 24th April 2001.