

NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

25 Share option scheme *(Continued)*

All the options granted will expire at the end of ten years from the date of grant or the life of the scheme, whichever is earlier. The subscription price of the options shall be at a price not less than the higher of the nominal value of the shares and 80% of the average of the closing prices of the shares of the Company on The Stock Exchange of Hong Kong Limited on the five trading days immediately preceding the date of the offer to grant the option. No option was granted for the year ended 31st March, 2000 and no option was exercised for the years ended 31st March, 2001 and 2000.

26 Reserves

	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange translation reserve HK\$'000	General reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Group:						
At 1st April, 1999	—	19,790	1,891	5,658	(17,875)	9,464
Exchange differences	—	—	122	—	—	122
Loss for the year	—	—	—	—	(66,318)	(66,318)
At 31st March, 2000	—	19,790	2,013	5,658	(84,193)	(56,732)
At 1st April, 2000	—	19,790	2,013	5,658	(84,193)	(56,732)
Contributed surplus arising from reduction of share capital from HK\$0.10 each to HK\$0.01 each (<i>note 24(a)</i>)	—	58,318	—	—	—	58,318
Premium on issue of ordinary shares, net of expenses (<i>notes 24(b) and (c)</i>)	227,646	—	—	—	—	227,646
Exchange differences	—	—	(1,174)	—	—	(1,174)
Loss for the year	—	—	—	—	(64,834)	(64,834)
At 31st March, 2001	227,646	78,108	839	5,658	(149,027)	163,224

NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

26 Reserves *(Continued)*

	Share premium HK\$'000	Contributed surplus HK\$'000	Exchange translation reserve HK\$'000	General reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
Company:						
At 1st April, 1999	—	—	—	—	(843)	(843)
Loss for the year	—	—	—	—	(37,688)	(37,688)
At 31st March, 2000	—	—	—	—	(38,531)	(38,531)
At 1st April, 2000	—	—	—	—	(38,531)	(38,531)
Contributed surplus arising from reduction of share capital from HK\$0.10 each to HK\$0.01 each <i>(note 24(a))</i>	—	58,318	—	—	—	58,318
Premium on issue of ordinary shares, net of expenses <i>(notes 24(b) and (c))</i>	227,646	—	—	—	—	227,646
Loss for the year	—	—	—	—	(78,967)	(78,967)
At 31st March, 2001	227,646	58,318	—	—	(117,498)	168,466

The contributed surplus of the Company represents the difference between the nominal value of the Company's shares issued in exchange for the issued share capital of the subsidiaries and the net asset value of the subsidiaries acquired, and the surplus arising from the reduction of share capital.

NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

27 Bank loans and overdrafts and other loan

	Group	
	2001 HK\$'000	2000 HK\$'000
Bank loans - secured	57,450	98,253
Other loan - secured	—	31,038
Bank overdrafts - secured	—	36,893
	57,450	166,184
Less: Amount due within one year included under current liabilities	(55,456)	(163,621)
Current portion of long term bank loans	(85)	(66)
	1,909	2,497

The analysis of the above is as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Bank loans		
Wholly repayable within five years <i>(note (a))</i>	55,456	95,690
Not wholly repayable within five years <i>(note (b))</i>	1,994	2,563
Other loan		
Wholly repayable within five years <i>(note (c))</i>	—	31,038
Bank overdrafts		
Wholly repayable within five years	—	36,893
	57,450	166,184

NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

27 Bank loans and overdrafts and other loan *(Continued)*

At 31st March, 2001, the Group's bank loans and overdrafts and other loan were repayable as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
Within one year	55,541	163,687
In the second year	240	287
In the third to fifth year inclusive	718	860
After the fifth year	951	1,350
	<u>57,450</u>	<u>166,184</u>

- (a) In September 2000, the Group entered into a loan renewal agreement with two banks to restructure the repayment terms of the outstanding borrowings of HK\$74,066,000 to a two-year term loan.

The two-year term loan is repayable quarterly commencing on 31st December, 2000. The loan is interest bearing at HIBOR plus 3% p.a. and secured by fixed charges on all the receivables, revenues, investments, leasehold properties and by floating charges over all other assets of the Company and its subsidiaries except for those subsidiaries in the PRC and New Zealand.

Pursuant to the loan renewal agreement, bank loan of HK\$18.5 million are repayable more than one year but not exceeding two years. The directors classified this amount under current liabilities as it is the directors' intention to repay this bank loan in full within next year, the repayment will be financed by the proceeds to be received from the disposal of properties.

- (b) The remaining bank borrowings of HK\$1,994,000 are secured by the freehold land and buildings of HK\$4,744,000 situated in New Zealand.
- (c) The other loan was secured by properties held for sale. The properties held for sale were disposed of during the year and the other loan was fully repaid.

NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

28 Notes to consolidated cash flow statement

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

	2001 HK\$'000	2000 HK\$'000
Operating loss	(50,124)	(50,976)
Interest income	(2,908)	(14)
Dividend income	(77)	(321)
Depreciation of fixed assets	657	1,459
Deficit arising on revaluation of investment properties	35,508	25,350
Provision for deposits for investment in jointly controlled entities	17,000	—
Provision for diminution in value of fixed assets	—	5,967
Loss on disposal of investment properties	—	182
Gain on disposal of a subsidiary	(37,995)	—
Gain on disposal of properties held for sale	—	(480)
Loss on disposal of fixed assets	45	1,234
Write off of fixed assets	499	664
Decrease in inventories	306	1,524
(Increase)/decrease in trade and other receivables	(9,977)	3,282
(Decrease)/increase in trade payables, accruals and other payables	(13,351)	6,895
Increase in amounts due to former fellow subsidiaries	115	1,106
Effect of foreign exchange rate changes	(202)	523
Net cash outflow from operating activities	<u>(60,504)</u>	<u>(3,605)</u>

NOTES TO THE ACCOUNTS *(Continued)*

FOR THE YEAR ENDED 31ST MARCH, 2001

28 Notes to consolidated cash flow statement *(Continued)*

(b) Analysis of changes in financing during the year

	Share capital, premium and contributed surplus HK\$'000	Bank loans HK\$'000	Other loan HK\$'000	Loan from a former fellow subsidiary HK\$'000
At 1st April, 1999	84,588	98,500	31,038	—
New loans	—	—	—	3,978
Repayments	—	(247)	—	—
At 31st March, 2000	<u>84,588</u>	<u>98,253</u>	<u>31,038</u>	<u>3,978</u>
At 1st April, 2000	84,588	98,253	31,038	3,978
Translation difference	—	(486)	—	—
Issue of shares	251,759	—	—	—
Repayments	—	(40,317)	(31,038)	—
Interest payable	—	—	—	381
At 31st March, 2001	<u>336,347</u>	<u>57,450</u>	<u>—</u>	<u>4,359</u>