

## NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2000

### 7. DIRECTORS' REMUNERATION (continued)

The independent non-executive directors of the Company were entitled to a total sum of HK\$250,000 as directors' fees for the year ended 31 December 2000 (1999: HK\$1,150,000).

The remuneration of the directors fell within the following bands:

	Number of directors	
	2000	1999
Nil - HK\$1,000,000	5	5
HK\$1,500,001 - HK\$2,000,000	1	3
HK\$2,500,001 - HK\$3,000,000	1	-
HK\$3,000,001 - HK\$3,500,000	1	1
HK\$3,500,001 - HK\$4,000,000	-	1
HK\$7,500,001 - HK\$8,000,000	1	-
HK\$12,000,001 - HK\$12,500,000	-	1

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

In addition to the above, options to acquire shares in the Company were granted to certain directors with various exercise periods and exercise prices. No value is included in directors' remuneration in respect of such share options granted to the directors because, in the absence of a readily available market value for the options on the Company's shares, the directors are unable to arrive at an accurate assessment of the value of these options granted. Further details of options granted to the directors are set out in note 30 to the financial statements.

### 8. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (1999: five) directors, details of whose remuneration are set out in note 7 above. The details of the remuneration of the other individual in the current year disclosed pursuant to the Listing Rules, is as follows:

	2000	1999
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	1,178	-

The remuneration of the other one individual fell within the following band:

	Number of individuals	
	2000	1999
HK\$1,000,001 - HK\$1,500,000	1	-

## NOTES TO FINANCIAL STATEMENTS (continued)

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### 9. TAX

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2000 HK\$'000	1999 HK\$'000
Group:		
Provision for tax in respect of profit for the year:		
Hong Kong	700	3,878
Elsewhere	9,118	11,261
	<u>9,818</u>	<u>15,139</u>
Prior year under/(over)-provision:		
Hong Kong	(636)	(752)
Elsewhere	–	40
	<u>(636)</u>	<u>(712)</u>
Hong Kong profits tax rebate	–	(342)
	<u>9,182</u>	<u>14,085</u>
Share of tax attributable to associates:		
Hong Kong	190	223
Elsewhere	228	273
	<u>418</u>	<u>496</u>
Tax charge for the year	<u>9,600</u>	<u>14,581</u>

### 10. NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The Group's net profit from ordinary activities attributable to shareholders includes a loss for the year dealt with in the financial statements of the Company amounting to HK\$11,928,000 (1999: profit of HK\$310,347,000).

## NOTES TO FINANCIAL STATEMENTS (continued)

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### 11. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit attributable to shareholders for the year of HK\$23,879,000 (1999: HK\$226,612,000) and the weighted average of 1,392,328,000 (1999: 1,315,688,000) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31 December 2000 is based on the net profit attributable to shareholders of HK\$23,879,000 and 1,393,668,000 shares, which represents the weighted average number of shares in issue during the year plus the weighted average of 1,340,000 shares deemed to be issued at no consideration if all dilutive outstanding share options had been exercised.

Diluted earnings per share for the year ended 31 December 1999 has not been shown as there was no dilutive effect on the basic earnings per share.

### 12. FIXED ASSETS

#### Group

	Freehold land and buildings	Leasehold land and buildings	Leasehold improve- ments	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost or valuation:							
At beginning of year	19,273	281,966	6,165	100,741	23,463	23,625	455,233
Additions	-	5	198	451	605	1,194	2,453
Disposals	-	(29,014)	(672)	(845)	(5,524)	(2,041)	(38,096)
<b>At 31 December 2000</b>	<b>19,273</b>	<b>252,957</b>	<b>5,691</b>	<b>100,347</b>	<b>18,544</b>	<b>22,778</b>	<b>419,590</b>
Accumulated depreciation:							
At beginning of year	193	33,528	3,659	64,088	18,538	19,667	139,673
Provided during the year	116	6,732	541	7,691	1,416	1,520	18,016
Disposals	-	(2,785)	(230)	(502)	(5,429)	(1,940)	(10,886)
<b>At 31 December 2000</b>	<b>309</b>	<b>37,475</b>	<b>3,970</b>	<b>71,277</b>	<b>14,525</b>	<b>19,247</b>	<b>146,803</b>
Net book value:							
<b>At 31 December 2000</b>	<b>18,964</b>	<b>215,482</b>	<b>1,721</b>	<b>29,070</b>	<b>4,019</b>	<b>3,531</b>	<b>272,787</b>
At 31 December 1999	19,080	248,438	2,506	36,653	4,925	3,958	315,560

## NOTES TO FINANCIAL STATEMENTS (continued)

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### 12. FIXED ASSETS (continued)

The cost or valuation of the Group's land and buildings is made up as follows:

	HK\$'000
Professional valuation in 1994	216,733
Professional valuation in 1998 (transferred from investment properties)	22,700
Cost	32,797
	<u>272,230</u>

#### Company

	Leasehold improvements HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:				
At beginning of year	1,861	3,034	3,420	8,315
Additions	-	147	-	147
Disposals	-	(213)	-	(213)
<b>At 31 December 2000</b>	<u>1,861</u>	<u>2,968</u>	<u>3,420</u>	<u>8,249</u>
Accumulated depreciation:				
At beginning of year	1,861	2,465	2,878	7,204
Provided during the year	-	295	271	566
Disposals	-	(167)	-	(167)
<b>At 31 December 2000</b>	<u>1,861</u>	<u>2,593</u>	<u>3,149</u>	<u>7,603</u>
Net book value:				
<b>At 31 December 2000</b>	<u>-</u>	<u>375</u>	<u>271</u>	<u>646</u>
At 31 December 1999	<u>-</u>	<u>569</u>	<u>542</u>	<u>1,111</u>

The net book value of the fixed assets of the Group held under finance leases and hire purchase contracts included in the total amount of fixed assets at 31 December 2000 amounted to HK\$1,083,000 (1999: HK\$1,383,000).

## NOTES TO FINANCIAL STATEMENTS (continued)

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### 12. FIXED ASSETS (continued)

Certain leasehold land and buildings situated in Hong Kong and Mainland China were revalued by Vigers Hong Kong Limited, independent professional valuers, on 31 December 1994. The leasehold land and buildings situated in Hong Kong were revalued at open market value, based on their existing use. The leasehold land and buildings situated in Mainland China were revalued on a combination of the market and depreciated replacement cost bases. No further revaluation of the Group's leasehold land and buildings has been carried out since 31 December 1994. It is the directors' intention not to revalue these assets in the future. The Group has relied upon the exemption from the need to revalue the entire class of land and buildings on a regular basis, granted under paragraph 72 of Statement of Standard Accounting Practice No.17.

Certain of the Group's land and buildings situated in Hong Kong were reclassified from investment properties in the prior year, at their then carrying amount of HK\$22,700,000, as valued on 31 December 1998 by Vigers Hong Kong Limited, independent professional valuers, on the basis of capitalisation of net rental income.

Had these leasehold land and buildings been carried out at historical cost less accumulated depreciation, their carrying values at 31 December 2000 would have been HK\$176,622,000 (1999: HK\$193,341,000).

The Group's land and buildings included above are held under the following lease terms:

	Hong Kong HK\$'000	Elsewhere HK\$'000	Total HK\$'000
Freehold	-	19,273	19,273
Long term leases	79,700	-	79,700
Medium term leases	93,733	79,524	173,257
	<u>173,433</u>	<u>98,797</u>	<u>272,230</u>

At 31 December 2000, certain of the above fixed assets with a net book value of approximately HK\$212,265,000 were pledged to secure general banking facilities granted to the Group (note 27).

## NOTES TO FINANCIAL STATEMENTS (continued)

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### 13. INVESTMENT PROPERTIES

	Group	
	2000 HK\$'000	1999 HK\$'000
At beginning of year	180,395	223,685
Additions, at cost	–	8,474
Transfer from fixed assets	–	22,595
Disposals	(70,555)	(44,685)
Transfer to fixed assets	–	(22,700)
Deficit on revaluation	(3,242)	(6,974)
	<u>106,598</u>	<u>180,395</u>

Analysis by geographical location:

	Group	
	2000 HK\$'000	1999 HK\$'000
Long term leasehold land and buildings situated in Hong Kong	17,450	48,875
Medium term leasehold land and buildings situated in:		
Hong Kong	85,308	127,680
Elsewhere	3,840	3,840
	<u>89,148</u>	<u>131,520</u>
	<u>106,598</u>	<u>180,395</u>

Certain of the Group's investment properties were revalued at 31 December 2000 by Vigers Hong Kong Limited, independent professional valuers. The properties were either revalued at open market value, based on their existing use, or on the basis of capitalisation of net rental income. An investment property was sold to an independent third party subsequent to 31 December 2000. The directors are of the opinion that the open market value of this property at the balance sheet date approximated its subsequent sale consideration. Accordingly, this investment property was stated at its sale consideration.

At 31 December 2000, all the Group's investment properties were pledged to secure general banking facilities granted to the Group (note 27).

## NOTES TO FINANCIAL STATEMENTS (continued)

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### 14. PROPERTIES UNDER DEVELOPMENT

	Group	
	2000 HK\$'000	1999 HK\$'000
At beginning of year	302,144	272,129
Additions, at cost	172	117,936
Interest capitalised	–	4,324
Disposals	(80,000)	(65,245)
Provisions for diminutions in values	(3,104)	(27,000)
At end of year	<u>219,212</u>	<u>302,144</u>

The Group's properties under development are situated in Hong Kong and Mainland China and held under the following lease terms:

	Group	
	2000 HK\$'000	1999 HK\$'000
Long term leasehold land and buildings situated in Hong Kong	24,995	24,823
Medium term leasehold land and buildings situated in:		
Hong Kong	–	83,104
Mainland China	194,217	194,217
	<u>219,212</u>	<u>302,144</u>

## NOTES TO FINANCIAL STATEMENTS (continued)

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### 15. INTERESTS IN SUBSIDIARIES

	Company	
	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	224,095	224,379
Due from subsidiaries	1,625,442	1,443,394
Due to subsidiaries	(2,779)	(2,159)
	<u>1,846,758</u>	<u>1,665,614</u>
Provisions for permanent diminutions in values	(680,000)	(520,000)
	<u><u>1,166,758</u></u>	<u><u>1,145,614</u></u>

The amounts due from/to subsidiaries are unsecured, interest-free and have no fixed term of repayment, except for amounts due from subsidiaries of HK\$262,011,000 which bear interest at Hong Kong prime rate plus 1% per annum.

Particulars of the principal subsidiaries at the balance sheet date were as follows:

Name	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Beforward Investments Limited *	British Virgin Islands	US\$1	-	100%	Investment holding
C & F Container Limited	Hong Kong	HK\$2	-	100%	Property development
The China Paint Manufacturing Company (1946) Limited	Hong Kong	Ordinary HK\$200,000 Non-voting deferred HK\$1,761,300	-	100%	Manufacture and sale of paint products and investment holding



**NOTES TO FINANCIAL STATEMENTS** (continued)

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**15. INTERESTS IN SUBSIDIARIES** (continued)

Name	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
The China Paint Manufacturing (Shenzhen) Co., Ltd. #	The People's Republic of China	HK\$50,000,000	-	100%	Manufacture and sale of paint products
China Paint Property Limited	Hong Kong	HK\$100,000	-	100%	Property investment
China Utilities Limited	British Virgin Islands	US\$1	-	100%	Investment holding
CNT Dalian Company Limited	Hong Kong	HK\$2	-	100%	Investment holding
CNT Finance Company Limited	Hong Kong	HK\$2	100%	-	Fund management
CNT Industries (BVI) Limited	British Virgin Islands	US\$1,635,512	100%	-	Investment holding
CNT Investments (BVI) Limited	British Virgin Islands	US\$159,705	100%	-	Investment holding
CNT Iron And Steel Limited	British Virgin Islands	US\$1,566,804	-	100%	Investment holding
CNT Iron And Steel Trading Company Limited	Hong Kong	HK\$2	-	100%	Trading of steel products
CNT-Jialing Investments Limited	Hong Kong	HK\$10,000,000	100%	-	Property investment
CNT Management And Secretaries Limited	Hong Kong	HK\$2	100%	-	Management and secretarial services
CNT Properties (BVI) Limited	British Virgin Islands	US\$1	100%	-	Investment holding

**NOTES TO FINANCIAL STATEMENTS** (continued)

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**15. INTERESTS IN SUBSIDIARIES** (continued)

Name	Place of incorporation/ registration and operations	Issued and fully paid share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Conley Investment Limited	Hong Kong	HK\$2	-	100%	Property investment
Coral Reef Enterprises Limited *	British Virgin Islands	US\$1	-	100%	Investment holding
Dalian Qinggang Hotel ##	The People's Republic of China	HK\$35,000,000	-	60%	Property investment
Dalian Qinggang Realestate Development Co., Ltd. ##	The People's Republic of China	US\$2,100,000	-	60%	Property development
Desirable Profits Limited	British Virgin Islands	US\$1	-	100%	Investment holding
Dongola Holdings Limited	British Virgin Islands	US\$1	100%	-	Investment holding
Eternal Rich Properties Limited	British Virgin Islands	US\$1	-	100%	Property investment
Fan Ball Development Limited	Hong Kong	HK\$10,000	-	100%	Property investment
Full Pool Limited	Hong Kong	HK\$2	-	100%	Property investment
Gold Tower Assets Limited *	British Virgin Islands	US\$1	-	100%	Investment holding
Golden Premium Limited	Hong Kong	HK\$2	-	100%	Property development