

# NOTES\_TO THE ACCOUNTS

## 11 CONSTRUCTION-IN-PROGRESS *(Continued)*

The Group's construction-in-progress in respect of leasehold land and buildings are analysed as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Outside Hong Kong, held on:		
Leases between 10 to 50 years	15,503	16,309

## 12 INTERESTS IN SUBSIDIARIES

	Company	
	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	802,769	664,484
Due from subsidiaries	302,376	329,159
	1,105,145	993,643

The particulars of the Company's principal subsidiaries are set out in note 27 to the accounts.

**13 INVESTMENTS**

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Held-to-maturity securities				
Listed debt securities in Hong Kong, at cost plus/less discount/premium (Note (a))	77,824	77,824	77,824	77,824
Investment securities				
Unlisted equity securities outside Hong Kong, at cost (Note (b))	23,054	23,054	—	—
	100,878	100,878	77,824	77,824
Market value of listed debt securities	80,075	74,884	80,075	74,884

- (a) The debt securities represent 100,000 unit of bonds of USD100 each issued by Kowloon Canton Railway Corporation and are listed in Hong Kong. The bonds carry interest at 7.25% per annum and have a maturity date on 27th July 2009.
- (b) The equity securities represent the Group's 6.57% equity interest in Shanghai Jiahua Co., Ltd. ("Jiahua"), a PRC established company engaging in the manufacture and sale of personal care products in the PRC. Jiahua is seeking an initial public offer of its "A" shares to be listed on the Shanghai Stock Exchange.

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## 14 INVENTORIES

	Group	
	2000 HK\$'000	1999 HK\$'000
At cost:		
Finished goods	96,558	58,427
Raw materials	179,666	109,435
Work-in-progress	4,742	2,798
Spare parts and consumables	19,608	18,717
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	300,574	189,377

## 15 DUE FROM SUBSIDIARIES

The balances are unsecured and interest free and have no fixed terms of repayment.

## 16 DUE FROM A RELATED COMPANY

During the year ended 31st December 1999, the Group made certain temporary advances to a company beneficially owned by the executive directors of the Company except for Mr. Poon Fuk Chuen and Mr. Yue Wai Leung, Stan. The advances and income accrued thereon were settled during the year ended 31st December 2000 and are analysed as follows:

Company	Maximum amount outstanding during the year HK\$'000	Amount outstanding at 31st December 2000 HK\$'000	Amount outstanding at 31st December 1999 HK\$'000
Changde Hengan Paper Products Co., Ltd. ("Changde Paper")	53,009	—	53,009

## 17 TRADE RECEIVABLES

The majority of the Group's sales is on open accounts with credit terms ranging from 30 days to 60 days.

At 31st December 2000, the ageing analysis of the trade receivables is as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Current	49,762	97,357
31 - 180 days	46,630	61,501
	96,392	158,858

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## 18 DUE TO A RELATED COMPANY

The balance is unsecured and interest free and has no fixed terms of repayment.

## 19 TRADE PAYABLES

At 31st December 2000, the ageing analysis of the trade payables is as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Current	35,287	26,288
31 - 180 days	27,928	20,407
181 - 365 days	11,680	—
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	74,895	46,695

## 20 TAXATION PAYABLE

	Group	
	2000 HK\$'000	1999 HK\$'000
Hong Kong profits tax	—	674
PRC income tax	27,093	28,812
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	27,093	29,486

## 21 SHARE CAPITAL

	Company	
	2000 HK\$'000	1999 HK\$'000
Authorised		
3,000,000,000 ordinary shares of HK\$0.10 each	300,000	300,000
Issued and fully paid		
At 1st January		
1,002,310,000 (1999: 1,013,380,000) ordinary shares of HK\$0.10 each	100,231	101,338
Cancellation upon repurchase of shares	(700)	(1,107)
At 31st December	99,531	100,231

During the year, the Company repurchased a total of 6,998,000 (1999: 11,070,000) shares of its own shares of HK\$0.10 each listed on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$14,933,000 (1999: HK\$24,361,000).

## 22 SHARE OPTION SCHEME

Under the Share Option Scheme approved by the shareholders of the Company on 10th November 1998, the Directors may, at their discretion, within a period of ten years from 10th November 1998 to make offers to Directors or employees of the Group to take up options to subscribe for shares of the Company subject to the terms and conditions stipulated therein. No options had been granted under the scheme as at 31st December 1999 and 2000.

# NOTES TO THE ACCOUNTS

## 23 RESERVES

	Group							
	Share premium account (note (a))	Capital reserve (note (b))	Capital redemption reserve	Property revaluation reserve	Statutory reserves (note(c))	Exchange reserve	Retained profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st January 1999	662,795	517,705	—	50,896	24,682	9,616	128,161	1,393,855
Premium on shares repurchased	(23,254)	—	—	—	—	—	—	(23,254)
Transfer to capital redemption reserve	—	—	1,107	—	—	—	(1,107)	—
Profit attributable to shareholders	—	—	—	—	—	—	302,514	302,514
Appropriation to statutory reserves	—	—	—	—	47,445	—	(47,445)	—
Dividends	—	—	—	—	—	—	(252,238)	(252,238)
Translation of PRC subsidiaries' accounts	—	—	—	—	—	3,613	—	3,613
At 31st December 1999	639,541	517,705	1,107	50,896	72,127	13,229	129,885	1,424,490
Premium on shares repurchased	(14,233)	—	—	—	—	—	—	(14,233)
Transfer to capital redemption reserve	—	—	700	—	—	—	(700)	—
Profit attributable to shareholders	—	—	—	—	—	—	209,160	209,160
Appropriation to statutory reserves	—	—	—	—	19,869	—	(19,869)	—
Dividends	—	—	—	—	—	—	(179,156)	(179,156)
Translation of PRC subsidiaries' accounts	—	—	—	—	—	2,189	—	2,189
At 31st December 2000	625,308	517,705	1,807	50,896	91,996	15,418	139,320	1,442,450

## 23 RESERVES (Continued)

	Company			
	Share premium account (note (a)) HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st January 1999	1,247,795	—	4,545	1,252,340
Premium on shares repurchased	(23,254)	—	—	(23,254)
Transfer to capital redemption reserve	—	1,107	(1,107)	—
Profit for the year	—	—	385,647	385,647
Dividends	—	—	(252,238)	(252,238)
At 31st December 1999	1,224,541	1,107	136,847	1,362,495
Premium on shares repurchased	(14,233)	—	—	(14,233)
Transfer to capital redemption reserve	—	700	(700)	—
Profit for the year	—	—	56,874	56,874
Dividends	—	—	(179,156)	(179,156)
At 31st December 2000	1,210,308	1,807	13,865	1,225,980

- (a) Under the Companies Law of the Cayman Islands, the share premium account is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business of the Company.
- (b) The capital reserve of the Group represents the difference between the nominal value of the shares of the subsidiaries acquired and the nominal value of the shares issued by the Company as consideration for share exchange on merger in previous years.
- (c) Statutory reserves comprise statutory surplus reserve and statutory public welfare fund of the subsidiary companies in the PRC and form part of shareholders' funds.
- (d) The Company's reserves available for distribution comprise the share premium account and retained profits. At 31st December 2000, in the opinion of the Directors, the reserves of the Company available for distribution to shareholders amounted to HK\$1,224,173,000 (1999: HK\$1,361,388,000), subject to the restrictions stated in note 23(a) above.