

NOTES TO THE ACCOUNTS

7 DIVIDENDS

in HK \$ million	2000	1999
2000 Interim dividend paid : HK\$0.20 (1999 : HK\$0.20) per share	444	426
2000 Final dividend proposed : HK\$0.65 (1999 : HK\$0.55) per share	1,427	1,224
Special dividend paid : HK\$ nil (1999 : HK\$2.00) per share	-	4,254
	<u>1,871</u>	<u>5,904</u>
Dividends per share (HK\$)	<u>0.85</u>	<u>2.75</u>

8 EARNINGS PER SHARE

The calculation of earnings per share is based on profit attributable to shareholders of HK\$3,430million (1999 : HK\$2,966 million), and on the weighted average number of 2,204,468,971 shares for the year (1999 : 2,127,367,160 shares).

NOTES TO THE ACCOUNTS

9 DIRECTORS' EMOLUMENTS

in HK \$ million	<i>Group</i>	
	2000	1999
Fees	1.8	1.5
Salaries	11.2	7.2
Bonuses	67.3	57.5
	80.3	66.2

The Directors' emoluments are analysed as follows :

	<i>Number of directors</i>	
	2000	1999
<i>Emoluments Bands</i>		
HK\$0 - HK\$1,000,000	8	7
HK\$1,000,001 - HK\$1,500,000	2	-
HK\$1,500,001 - HK\$2,000,000	2	-
HK\$2,500,001 - HK\$3,000,000	-	1
HK\$3,500,001 - HK\$4,000,000	1	-
HK\$4,500,001 - HK\$5,000,000	1	1
HK\$5,000,001 - HK\$5,500,000	-	1
HK\$7,000,001 - HK\$7,500,000	1	-
HK\$10,000,001 - HK\$10,500,000	-	1
HK\$11,000,001 - HK\$11,500,000	1	-
HK\$12,000,001 - HK\$12,500,000	-	1
HK\$13,000,001 - HK\$13,500,000	1	-
HK\$14,000,001 - HK\$14,500,000	-	1
HK\$15,000,001 - HK\$15,500,000	1	-
HK\$16,500,001 - HK\$17,000,000	-	1
HK\$18,000,001 - HK\$18,500,000	1	-
	1	-

Emoluments paid to independent non-executive directors during the year amounted to HK\$0.8 million (1999 : HK\$0.8 million).

The five highest paid individuals of the Group during the year were also directors and their emoluments are reflected in the analysis presented above.

NOTES TO THE ACCOUNTS

10 RETIREMENT BENEFITS

In 2000, The CITIC Group Retirement Plan (“the Plan”), formerly known as the Dah Chong Hong Holdings Limited Amalgamated Provident Fund, was set up under a Trust Deed to provide retirement benefits for employees of CITIC Pacific Limited and its subsidiary companies including the Dah Chong Hong Group (“DCH”) and New Hong Kong Tunnel Company Limited (“NHKTC”). The Plan is a defined contribution scheme and is registered under the Occupational Retirement Schemes Ordinance and has obtained an exemption certificate under the Mandatory Provident Fund Schemes Ordinance. The Group has appointed an independent trustee who in turn appoints the investment manager and plan administrator to manage the Plan in accordance with the Trust Deed and Rules. Employees are offered a choice of investments and Trustee issues statements to members of the Plan twice a year.

A CITIC Group Mandatory Provident Fund Scheme (“MPF Scheme”) has also been set up in accordance with the stipulations of the Mandatory Provident Fund Schemes Authority to offer a choice to employees who opt not to join the Plan. Eligibility of membership of the MPF Scheme is identical to that of the Plan and new employees are offered the choice of joining the Plan or the MPF Scheme. An independent service provider has been appointed for the MPF Scheme.

Employees of NHKTC are also offered a third option to join a retirement scheme operated by NHKTC. This NHKTC scheme is a defined contribution scheme and previously contained a defined benefit element in the case where the relevant employee deceases or becomes totally and permanently disabled under employment. With effect from October 2000, the relevant benefit has been removed and is now covered by a separate group life and total permanent disability insurance policy.

Contributions to the defined contribution schemes represent amounts payable at rates specified in the terms of the schemes. Assets of the schemes are held separately in funds under the control of the respective Trustees. With the exception of the NHKTC scheme, forfeited contributions are credited to the remaining members’ accounts of the scheme in proportion to their respective balances. Forfeited contributions of NHKTC are to be used at the absolute discretion of the Trustee for settlement of all or part of the future contributions payable by NHKTC.

NOTES TO THE ACCOUNTS

10 RETIREMENT BENEFITS (CONTINUED)

There are two defined benefit schemes in existence in the Group's subsidiary companies. For the defined benefit scheme in Japan, members' benefits are determined based on the employees' latest month of pay and length of service. Part of the portion for the employees is funded through a contract with an insurance company which acts as Trustee. The remaining portion for the employees together with the portion for the directors of the Group's subsidiary company in Japan are unfunded and have been provided for in the accounts.

A subsidiary company of the Group also operates a defined benefit scheme in Hong Kong. It is a closed scheme for existing members at the time of acquisition and does not admit new members. The scheme contains a defined death and total permanent disability benefit for eligible members of which the benefit payable has been underwritten by an insurance policy.

NOTES TO THE ACCOUNTS

11 FIXED ASSETS

a Group

in HK \$ million	<i>Investment properties</i>	<i>Self-used properties</i>	<i>Properties held for development</i>	<i>Vehicular tunnel</i>	<i>Others (note ii)</i>	<i>Total</i>
<i>Cost or valuation</i>						
At 1 January 2000	5,374	3,256	262	1,983	2,924	13,799
Exchange adjustments	(29)	(3)	-	-	5	(27)
Additions/cost adjustment	(24)	18	8	-	1,710	1,712
Disposals	(1)	(9)	-	-	(112)	(122)
Revaluation surplus (Note 20a)	211	-	-	-	-	211
Reclassification	-	66	-	-	(66)	-
Acquisition of subsidiary companies	-	-	-	-	82	82
At 31 December 2000	<u>5,531</u>	<u>3,328</u>	<u>270</u>	<u>1,983</u>	<u>4,543</u>	<u>15,655</u>
<i>Accumulated depreciation</i>						
At 1 January 2000	-	422	-	382	1,079	1,883
Exchange adjustments	-	(1)	-	-	-	(1)
Charge for the year	-	71	-	54	256	381
Written back on disposals	-	(2)	-	-	(62)	(64)
Acquisition of subsidiary companies	-	-	-	-	23	23
At 31 December 2000	<u>-</u>	<u>490</u>	<u>-</u>	<u>436</u>	<u>1,296</u>	<u>2,222</u>
<i>Net book value</i>						
At 31 December 2000	<u>5,531</u>	<u>2,838</u>	<u>270</u>	<u>1,547</u>	<u>3,247</u>	<u>13,433</u>
At 31 December 1999	<u>5,374</u>	<u>2,834</u>	<u>262</u>	<u>1,601</u>	<u>1,845</u>	<u>11,916</u>
<i>The analysis of cost or valuation of the above assets is as follows :</i>						
At cost	-	3,328	270	1,983	4,543	10,124
At professional valuation - 2000	<u>5,531</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,531</u>
	<u>5,531</u>	<u>3,328</u>	<u>270</u>	<u>1,983</u>	<u>4,543</u>	<u>15,655</u>

NOTES TO THE ACCOUNTS

11 FIXED ASSETS (CONTINUED)

a Group (Continued)

note :

- (i) Interest capitalised in fixed assets other than investment properties amounts to HK\$35 million (1999 : HK\$35 million).
- (ii) Other fixed assets comprise traffic equipment, cargo lighters, computer installations, telecommunications equipment, optical fibre network under construction, motor vehicles, plant and machinery, furniture, fixtures and equipment.
- (iii) Optical fibre network under construction is stated at cost, including borrowing cost capitalised.
- (iv) Fixed assets with net book value of HK\$1,554 million (1999 : HK\$1,609 million) have been pledged to secure bank loans and other loans of a subsidiary company totalling HK\$375 million (1999 : HK\$605 million).

b Company in HK \$ million

*Motor vehicles, equipment,
furniture and fixtures*

<i>Cost</i>	
At 1 January 2000	91
Additions	3
Cost adjustment	<u>(10)</u>
At 31 December 200084
<i>Accumulated depreciation</i>	
At 1 January 2000	23
Charge for the year	<u>7</u>
At 31 December 2000	<u>.....30</u>
<i>Net book value</i>	
At 31 December 2000	<u>54</u>
At 31 December 1999	<u>68</u>

NOTES TO THE ACCOUNTS

11 FIXED ASSETS (CONTINUED)

c The tenure of the properties of the Group is as follows:

in HK \$ million	<i>Investment properties</i>	<i>Self-used properties</i>	<i>Properties held for development</i>	<i>Total</i>
Leasehold properties held in Hong Kong				
- Long term lease	657	31	-	688
- Medium term lease	4,625	2,118	270	7,013
- Short term lease	-	83	-	83
Properties held overseas				
- Freehold	249	231	-	480
- Medium term lease	-	865	-	865
	<u>5,531</u>	<u>3,328</u>	<u>270</u>	<u>9,129</u>

d Property valuation

The Group's investment properties have been independently revalued on an open market value basis as at 31 December 2000. The details of the independent qualified valuers are as follows :

<i>Properties located in</i>	<i>Valuers</i>
Hong Kong	Knight Frank
Japan	Tekko Building Co., Limited

e Fixed assets and properties held for sale under current assets of the Group let under operating leases to generate rental income are as follows :

in HK \$ million	<i>Investment properties</i>	<i>Self-used properties</i>	<i>Other fixed assets</i>	<i>Fixed assets total</i>	<i>Properties held for sale</i>
Cost or valuation	5,531	28	173	5,732	316
Accumulated depreciation	-	(3)	(104)	(107)	-
Net book value at 31 December 2000	<u>5,531</u>	<u>25</u>	<u>69</u>	<u>5,625</u>	<u>316</u>

NOTES TO THE ACCOUNTS

12 SUBSIDIARY COMPANIES

in HK \$ million	<i>Company</i>	
	2000	1999
Unlisted shares, at cost less amounts written off	169	169
Amounts due by subsidiary companies	47,963	44,659
Amounts due to subsidiary companies	(5,748)	(8,959)
	42,384	35,869

Particulars of the principal subsidiary companies are shown in Note 27.

13 ASSOCIATED COMPANIES

in HK \$ million	<i>Group</i>	
	2000	1999
Share of net assets other than goodwill	18,955	16,587
Discount on acquisitions	404	695
	19,359	17,282
Loans due from associated companies (note b)	7,477	7,478
Loans due to associated companies (note b)	(550)	(1,593)
	26,286	23,167
Investment at cost:		
Unlisted shares	6,594	5,595
Shares listed in Hong Kong	8,591	8,591
	15,185	14,186
Market value of listed shares	12,375	11,902

in HK \$ million	<i>Company</i>	
	2000	1999
Investment at cost :		
Unlisted shares	337	337
Shares listed in Hong Kong	931	931
	1,268	1,268
Loans due from associated companies	2,720	2,593
Loans due to associated companies	(536)	(1,580)
	3,452	2,281
Market value of listed shares	1,031	992

NOTES TO THE ACCOUNTS

13 ASSOCIATED COMPANIES (CONTINUED)

Dividend income from associated companies during the year is as follows :

in HK \$ million	<i>Group</i>	
	2000	1999
Listed associated companies	559	825
Unlisted associated companies	258	366
	<u>817</u>	<u>1,191</u>

note :

- (a) *Included in associated companies are Hong Kong Resort Company Limited (“HKR”) and Western Harbour Tunnel Company Limited (“WHTCL”) whose year ends are 31 March and 31 July respectively which are not coterminous with the Group. The results of HKR and WHTCL have been equity accounted for based on their management accounts for the period from 1 January 2000 to 31 December 2000.*
- (b) *Loans due from associated companies and loans due to associated companies are interest bearing at market rates except an amount of approximately HK\$31 million loans to associated companies, which are non-interest bearing. These loans have no fixed repayment terms.*
- (c) *Particulars of the principal associated companies are shown in Note 28.*

NOTES TO THE ACCOUNTS

14 INVESTMENTS

in HK \$ million	<i>Group</i>	
	2000	1999
<i>Co-operative joint ventures</i>		
Unlisted investments, at cost	7,298	7,235
Amounts due by co-operative joint ventures	2,148	1,943
	9,446	9,178
Less: Amortisation	(391)	(320)
	9,055	8,858

<i>Listed investments, at cost</i>		
Shares listed in Hong Kong	199	5,029
Shares listed outside Hong Kong	210	611
	409	5,640
Less: Provision	(43)	-
	366	5,640

<i>Unlisted investments</i>		
Shares, at cost	64	55
Add: Advances made	35	47
	99	102
Less: Provision	(38)	(37)
	61	65
Less: Advances received	(3)	(3)
	58	62

	9,479	14,560
Market value of listed shares	321	5,014

Particulars of the principal co-operative joint ventures are shown in Note 29.

NOTES TO THE ACCOUNTS

15 AMOUNT DUE FROM A SUBSTANTIAL SHAREHOLDER

This unsecured and interest bearing amount due from China International Trust and Investment Corporation (“CITIC Beijing”) is repayable within 1 year. It will be set off against any new capital contribution required of the Group to Guoan as a result of the injection of new assets by CITIC Beijing.

16 INVENTORIES

At 31 December 2000, the carrying amount of inventories that are carried at net realisable value amounted to HK\$437 million (1999 : HK\$431 million).

17 DEBTORS, ACCOUNTS RECEIVABLE, DEPOSITS AND PREPAYMENTS

in HK \$ million	<i>Group</i>		<i>Company</i>	
	2000	1999	2000	1999
Trade debtors				
-Within 1 year	1,137	960	-	-
-Over 1 year	53	45	-	-
	1,190	1,005	-	-
Accounts receivable, deposits and prepayments	1,872	1,350	172	192
	3,062	2,355	172	192

note:

(i) Trade debtors are net of provision and the ageing is classified based on invoice date.

(ii) The Group has a defined credit policy for the respective business units.