

# Notes to the Financial Statements

31 December 2000

## 5. Finance costs

	Group	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on bank loans and facilities wholly repayable within five years	20,397	960
Less: Amounts capitalised to construction in progress	(1,631)	—
	<b>18,766</b>	960

## 6. Directors' and highest paid individuals' remuneration

### Directors' remuneration

	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' fees:		
Executive	750	690
Non-executive	750	690
Independent non-executive	500	460
	<b>2,000</b>	1,840
Other emoluments:		
Executive:		
Basic salaries, housing benefits, other allowances and benefits in kind	2,042	1,956
Bonus	980	970
Non-executive:		
Basic salaries, housing benefits, other allowances and benefits in kind	—	—
	<b>3,022</b>	2,926
	<b>5,022</b>	4,766

## Notes to the Financial Statements

31 December 2000

### 6. Directors' and highest paid individuals' remuneration (continued)

#### Directors' remuneration (continued)

The number of directors whose remuneration fell within the following bands is set out below:

	Number of directors	
	2000	1999
HK\$Nil - HK\$1,000,000	6	6
HK\$1,000,001 - HK\$1,500,000	1	1
HK\$1,500,001 - HK\$2,000,000	1	1
	<b>8</b>	<b>8</b>

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

In addition to the above emoluments, certain directors were granted share options in the prior and current years under the Company's share option scheme. No value is included in directors' remuneration in respect of share options granted during the year 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 the options granted.

#### Highest paid employees

Of the five highest paid employees, two (1999: two) were directors of the Company and their remuneration has been included in the directors' remuneration set out above. The details of the remuneration of the remaining three (1999: three) non-director, highest paid employees are as follows:

	2000	1999
	HK\$'000	HK\$'000
Basic salaries, housing benefits, other allowances and benefits in kind	1,628	1,586
Bonus	604	521
Retirement scheme contributions	57	57
	<b>2,289</b>	<b>2,164</b>

The remuneration of all non-director, highest paid employees fell within the band of HK\$Nil - HK\$1,000,000. During the year, options were granted to these highest paid employees which entitled them to acquire 2,000,000 shares of the Company in aggregate. Details of the terms of these share options are set out in note 23 to the financial statements. No value is included in the above remuneration in respect of share options granted during the year because of the absence of a readily available market value for the options on the Company's shares.

# Notes to the Financial Statements

31 December 2000

## 7. 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 law, practices and interpretations in respect thereof.

	<b>2000</b>	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Group:		
Hong Kong	<b>13,881</b>	13,409
Elsewhere	—	2,019
Overprovision in prior year	<b>(572)</b>	(53)
Deferred tax ( <i>note 22</i> )	<b>(690)</b>	(1,000)
	<b>12,619</b>	14,375
Share of tax attributable to associates:		
Hong Kong	<b>9,909</b>	12,131
Elsewhere	<b>5,758</b>	—
	<b>15,667</b>	12,131
Tax charge for the year	<b>28,286</b>	26,506

## 8. Net profit from ordinary activities attributable to shareholders

The net profit from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK\$54,659,000 (1999: HK\$52,676,000).

## 9. Dividends

	<b>2000</b>	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim paid	<b>24,167</b>	19,200
Additional 1999 final dividend*	<b>72</b>	—
Final proposed	<b>31,910</b>	48,510
	<b>56,149</b>	67,710

\* Represented 1999's final dividend at HK6 cents per share on 1,200,000 shares due to exercise of share options on 16 May 2000.

The 2000 final dividend of HK4 cents per share is proposed to be paid to shareholders whose names appear on the register of members on 15 May 2001.

## Notes to the Financial Statements

31 December 2000

### 10. Earnings per share

The calculation of basic earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$106,238,000 (1999: HK\$145,398,000 (restated)) and the weighted average of 741,460,142 shares (1999: 480,193,151 shares) in issue during the year.

The calculation of diluted earnings per share is based on the net profit from ordinary activities attributable to shareholders for the year of HK\$106,238,000 (1999: HK\$145,398,000 (restated)) and the weighted average of 741,460,142 shares (1999: 480,193,151 shares) in issue during the year plus 8,019,170 (1999: 4,917,087) dilutive ordinary shares deemed to have been issued for no consideration throughout the year in respect of share options.

### 11. Prior year adjustments

Due to the adoption of SSAP 1 as subsequently clarified by Interpretation 9 "Accounting for pre-operating costs" issued by the Hong Kong Society of Accountants ("the Interpretation"), the pre-operating costs incurred by the Group companies prior to the commencement of their operations and previously recorded as deferred expenditure do not qualify as an asset. Accordingly, these costs should be expensed in the period in which they were incurred. Adjustments have been made to account for the impact of this change in the accounting policy on a retrospective basis and accordingly, the comparative amounts for the year ended 31 December 1999, including earnings per share, the minority interests, exchange fluctuation reserve and retained profits brought forward as at 1 January 1999 have been restated. The effects of the change in the accounting policy are summarised below:

- (i) Deferred pre-operating expenses and minority interests as previously reported in the consolidated balance sheet of the Group as at 31 December 1999 have been reduced by HK\$14,432,000 and HK\$799,000, respectively;
- (ii) The administrative expenses were reduced and the Group's net profit from ordinary activities was increased for the year ended 31 December 1999 by HK\$795,000 and the Group's retained profits as at 1 January 1999 were reduced by HK\$17,106,000; and
- (iii) The amount credited to the Group's exchange fluctuation reserve for the year ended 31 December 1999 was increased by HK\$360,000 and while the Group's exchange fluctuation reserve as at 1 January 1999 was increased by HK\$2,318,000.

There is no tax effect attributable to these prior year adjustments.

# Notes to the Financial Statements

31 December 2000

## 12. Fixed assets

### Group

	Leasehold land and buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Furniture, fixtures and office equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Lighters <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost or valuation:							
At beginning of year	104,098	71,541	4,595	2,211	9,470	120,247	312,162
On acquisition of a subsidiary	—	359	645	641	—	—	1,645
Additions	—	4,858	1,014	1,080	—	11,716	18,668
Transfer	46,045	63,665	3,292	—	—	(113,002)	—
Disposals	—	—	—	(738)	—	—	(738)
Surplus arising on revaluation	400	—	—	—	—	—	400
Exchange realignment	(8,404)	(5,408)	(132)	(43)	—	—	(13,987)
At 31 December 2000	142,139	135,015	9,414	3,151	9,470	18,961	318,150
Accumulated depreciation:							
At beginning of year	8,895	21,048	2,372	1,147	9,008	—	42,470
On acquisition of a subsidiary	—	83	57	84	—	—	224
Provided during the year	5,633	7,495	1,109	511	367	—	15,115
Disposals	—	—	—	(731)	—	—	(731)
Written back on revaluation	(1,500)	—	—	—	—	—	(1,500)
Exchange realignment	(559)	(609)	(37)	(8)	—	—	(1,213)
At 31 December 2000	12,469	28,017	3,501	1,003	9,375	—	54,365
Net book value:							
At 31 December 2000	129,670	106,998	5,913	2,148	95	18,961	263,785
At 31 December 1999	95,203	50,493	2,223	1,064	462	120,247	269,692
Analysis of cost or valuation:							
At cost	130,239	135,015	9,414	3,151	9,470	18,961	306,250
At valuation	11,900	—	—	—	—	—	11,900
	142,139	135,015	9,414	3,151	9,470	18,961	318,150

## Notes to the Financial Statements

31 December 2000

### 12. Fixed assets (continued)

#### Group

The analysis of cost or valuation of the buildings at 31 December 2000 is as follows:

	At valuation	At cost	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Commercial building situated in Hong Kong under a medium term lease	11,900	—	11,900
Industrial building situated in Hong Kong under a long term lease	—	40,358	40,358
Industrial building held under land use rights of medium term in the Mainland China	—	46,045	46,045
Industrial building situated in the Philippines on freehold land	—	43,836	43,836
	11,900	130,239	142,139

The commercial building was revalued on 31 December 2000 at HK\$11,900,000 (1999: HK\$11,500,000) by Jones Lang LaSalle Limited, an independent firm of qualified professional valuers, at an open market value on an existing use basis. The resulting surplus arising from the revaluation at 31 December 2000 of HK\$1,900,000 (1999: HK\$2,212,000), was dealt with in the property revaluation reserve (see note 24).

Had there not been any revaluation of the Group's commercial building, the carrying amount of cost less accumulated depreciation at 31 December 2000 would have been approximately HK\$1,800,000 (1999: HK\$2,100,000).

# Notes to the Financial Statements

31 December 2000

## 13. Goodwill

	Group	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost:		
At beginning of year and at 31 December	<b>21,512</b>	21,512
Accumulated amortisation:		
At beginning of year	<b>11,134</b>	8,983
Provided during the year	<b>2,151</b>	2,151
At 31 December	<b>13,285</b>	11,134
Net book value:		
At 31 December	<b>8,227</b>	10,378

## 14. Rental deposits

Included in rental deposits were HK\$880,000 (1999: HK\$800,000) paid to a fellow subsidiary by the Group relating to the leasing of a site on Tsing Yi Island, Hong Kong and HK\$1,247,000 (1999: HK\$1,533,000) paid to a related company by the Group in respect of the leasing of a site in Manila, the Philippines (see note 28).

## 15. Interests in subsidiaries

	Company	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	<b>264,590</b>	264,590
Due from subsidiaries	<b>1,827,813</b>	183,884
	<b>2,092,403</b>	448,474

Except for amounts due from subsidiaries amounting to HK\$1,799,512,000 (1999: HK\$81,207,000) of which a substantial portion is not to be repayable in the foreseeable future, all the other balances with subsidiaries are unsecured, interest-free and have no fixed terms of repayment.