

NOTES TO FINANCIAL STATEMENTS (continued)

31 December 2000

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	
Honour Rich Development Limited	Hong Kong	HK\$2	-	100%	Investment holding
Hua Xia International Investment Company Limited	Taiwan	NTD25,000,000	100%	-	Property holding
Hubei Zhonghe Paint Mfg Co., Ltd ##	The People's Republic of China	RMB40,000,000	-	90.50%	Manufacture and sale of paint products
Joint Rich (Asia) Limited	Hong Kong	HK\$2	-	100%	Property investment
Majority Faith Corporation	British Virgin Islands	US\$1	-	100%	Investment holding
Multibest Resources Limited *	British Virgin Islands	US\$1	-	100%	Investment holding
Ocean Wide Assets Limited	British Virgin Islands	US\$1	-	100%	Investment holding
Opulent Profits Limited	British Virgin Islands	US\$1	-	100%	Investment holding
Poly Victory (Hong Kong) Limited	Hong Kong	HK\$2	-	100%	Property investment
Profit Source Limited	Hong Kong	HK\$2	-	100%	Share investment

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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	
Rainbow Path Enterprises Limited	Hong Kong	HK\$1,000	-	100%	Investment holding
Shinfull Development Limited	Hong Kong	HK\$10	-	60%	Property development
Tatpo Corporation Limited	Liberia	US\$20,872	100%	-	Investment holding
Vivien Resources Limited	Hong Kong	HK\$2	-	100%	Investment holding

* incorporated/acquired during the year

wholly foreign-owned enterprise registered in The People's Republic of China

sino-foreign equity joint venture registered in The People's Republic of China

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

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16. INTERESTS IN ASSOCIATES

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	-	-	20,820	20,820
Share of net assets/(liabilities)	1,514	(67,042)	-	-
Due from associates	158,788	142,637	6,780	6,780
Due to associates	-	(4,929)	-	-
	<u>160,302</u>	<u>70,666</u>	<u>27,600</u>	<u>27,600</u>
Provisions against investments in and amounts due from associates	(15,064)	(15,064)	(27,600)	(27,600)
	<u>145,238</u>	<u>55,602</u>	<u>-</u>	<u>-</u>

The amounts due from/to associates are unsecured, interest-free and have no fixed term of repayment.

The Group's share of the post-acquisition reserves deficit of its associates at 31 December 2000 was HK\$85,424,000 (1999: HK\$95,917,000).

Details of the principal associates at the balance sheet date were as follows:

Name	Place of incorporation/ registration and operations	Percentage of equity attributable to the Group #		Principal activities
		2000	1999	
Arran Investment Company Limited	Hong Kong	50%	50%	Property investment
Becker Industrial - China Paint Limited	Hong Kong	49%	49%	Trading of paint products and investment holding
Becker Industrial - China Paint (Shenzhen) Co., Ltd.	The People's Republic of China	49%	49%	Manufacture and sale of paint products

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16. INTERESTS IN ASSOCIATES (continued)

Name	Place of incorporation/ registration and operations	Percentage of equity attributable to the Group #		Principal activities
		2000	1999	
CNT Tin Plate Limited	Hong Kong	50%	50%	Investment holding
Elegant Stone International Ltd.	British Virgin Islands	44.44%	-	Investment holding
Liaoyang Beiyang Real estate Development Company Limited	The People's Republic of China	50%	50%	Property development
Shenzhen Norinco-CP Company Limited	The People's Republic of China	35%	25%	Manufacture and sale of containers
Treasure Auctioneer International Limited	British Virgin Islands	20%	-	Investment holding
Worldwide Education Limited	British Virgin Islands	20%	-	Investment holding

all the above associates are corporate associates indirectly held by the Company.

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

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17. INVESTMENTS

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Long term investments:				
Unlisted equity investments	248,576	246,476	52,501	52,501
Less: Provisions for impairment in values	(72,242)	(72,242)	(52,501)	(52,501)
	<u>176,334</u>	<u>174,234</u>	<u>-</u>	<u>-</u>
Short term investments:				
Equity investments listed in Hong Kong, at market value	<u>245</u>	<u>500</u>	<u>-</u>	<u>-</u>

18. DEPOSIT FOR PURCHASE OF A PROPERTY

The amount represents a deposit paid to an independent third party in May 1999 for the acquisition of certain lots of land in Hong Kong, subject to the surrender to and regrant by the Government of the land. The land premium payable by the Group for the surrender to and regrant is under negotiation with the Government. Should the surrender and regrant of the land not be completed within three years from the date of payment of the deposit, the Group has the right to demand repayment of the entire deposit.

19. MORTGAGE LOANS RECEIVABLE

	Group	
	2000 HK\$'000	1999 HK\$'000
Mortgage loans receivable, secured	2,249	2,302
Portion classified as current assets	<u>(58)</u>	<u>(57)</u>
Long term portion	<u>2,191</u>	<u>2,245</u>
Mortgage loans receivable repayable:		
Within one year	58	57
In the second year	65	63
In the third to fifth years	243	233
After five years	<u>1,883</u>	<u>1,949</u>
	<u>2,249</u>	<u>2,302</u>

A second legal charge on certain properties situated in Hong Kong has been obtained by a subsidiary of the Company as security for the above mortgage loans receivable.

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20. INVENTORIES

	Group	
	2000 HK\$'000	1999 HK\$'000
Raw materials and spare parts	37,917	28,988
Work in progress	4,576	5,409
Finished goods	17,749	18,323
	<u>60,242</u>	<u>52,720</u>

The carrying amount of inventories is arrived at after charging a general provision of HK\$7,850,000 (1999: HK\$11,004,000).

21. TRADE RECEIVABLES

The Group maintains a defined credit policy and credit periods are usually granted ranging from one to three months to normal customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management. The ageing analysis of the trade receivables as at the balance sheet date is as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Within three months	58,688	57,846
Four to six months	7,787	6,470
Over six months	4,909	7,036
	<u>71,384</u>	<u>71,352</u>
Less: Provision for doubtful debts	(4,992)	(6,664)
	<u>66,392</u>	<u>64,688</u>

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Prepayments, other deposits and other receivables	29,834	23,341	3,307	2,587
Deposits for investments	14,860	-	-	-
	<u>44,694</u>	<u>23,341</u>	<u>3,307</u>	<u>2,587</u>

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23. SHORT TERM LOAN RECEIVABLE

The short term loan receivable was secured by certain equity shares listed in Hong Kong, bore interest at 8.5% per annum and was fully repaid during the year.

24. CASH AND BANK BALANCES

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Cash and bank balances	85,764	56,476	851	567
Time deposits	45,649	119,598	7,926	-
	<u>131,413</u>	<u>176,074</u>	<u>8,777</u>	<u>567</u>

25. TRADE PAYABLES

The ageing analysis of trade payables as at the balance sheet date is as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Within three months	20,991	21,071
Four to six months	5,138	2,428
Over six months	-	133
	<u>26,129</u>	<u>23,632</u>

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Accruals and other liabilities	80,042	94,404	4,185	3,152
Deposit received	-	80,000	-	-
Provisions for bank guarantees given to associates	-	355	-	355
Due to a related company	415	463	-	-
	<u>80,457</u>	<u>175,222</u>	<u>4,185</u>	<u>3,507</u>

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	Group	
	2000	1999
	HK\$'000	HK\$'000
Bank loans, secured	121,200	79,569
Other loans:		
Secured	–	51,084
Unsecured	5,587	5,587
	<u>126,787</u>	<u>136,240</u>
Bank loans repayable:		
Within one year or on demand	32,366	23,583
In the second year	4,251	5,302
In the third to fifth years, inclusive	14,906	22,973
Beyond five years	69,677	27,711
	<u>121,200</u>	<u>79,569</u>
Other loans repayable:		
Within one year or on demand	–	3,478
In the second year	5,587	9,463
In the third to fifth years, inclusive	–	18,963
Beyond five years	–	24,767
	<u>5,587</u>	<u>56,671</u>
	126,787	136,240
Portion classified as current liabilities	<u>(32,366)</u>	<u>(27,061)</u>
Long term portion	<u>94,421</u>	<u>109,179</u>

(a) The Group's bank loans are secured by:

- (i) Mortgages over the Group's investment properties which had an aggregate carrying value at the balance sheet date of approximately HK\$106,598,000 (1999: HK\$54,415,000).
- (ii) Mortgages over certain of the Group's land and buildings which had an aggregate net book value at the balance sheet date of approximately HK\$212,265,000 (1999: HK\$186,025,000).

(b) One other loan amounting to HK\$5,587,000 represents a loan from the Chinese joint venture partner of a subsidiary of the Group. The amount is unsecured and interest-free.

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28. FINANCE LEASE PAYABLES

There were obligations under finance leases and hire purchase contracts at the balance sheet date as follows:

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Amounts payable:				
Within one year	728	950	131	388
In the second year	252	486	15	115
In the third to fifth years, inclusive	118	4	32	-
Total minimum finance lease payments	1,098	1,440	178	503
Future finance charges	(88)	(105)	(17)	(31)
Total net finance lease payables	1,010	1,335	161	472
Portion classified as current liabilities	(667)	(859)	(122)	(360)
Long term portion	343	476	39	112

29. DEFERRED TAX

The provision for deferred tax, as shown in the balance sheet, relates principally to timing differences arising from accelerated depreciation allowances.

There are no significant potential deferred tax liabilities for which provision has not been made.

The revaluation of the Group's properties does not constitute a timing difference because the realisation of the revaluation surpluses for the respective properties would not be subject to tax. Therefore, the amount of potential deferred tax liabilities has not been quantified.

30. SHARE CAPITAL

Shares

	Company	
	2000 HK\$'000	1999 HK\$'000
Authorised:		
2,880,000,000 ordinary shares of HK\$0.10 each	288,000	288,000
Issued and fully paid:		
1,528,188,193 (1999: 1,315,688,193) ordinary shares of HK\$0.10 each	152,819	131,569

NOTES TO FINANCIAL STATEMENTS (continued)

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30. SHARE CAPITAL (continued)

In August 2000, 212,500,000 ordinary shares of HK\$0.10 each were issued to several independent places at HK\$0.20 per ordinary share for a total gross consideration of HK\$42,500,000.

The transaction during the year with reference to the above movement of the Company's ordinary share capital is shown as follows:

	Carrying amount 2000 HK\$'000	Shares issued 2000
At beginning of year	131,569	1,315,688,193
Placing of shares	21,250	212,500,000
At end of year	<u>152,819</u>	<u>1,528,188,193</u>

There were no changes to the carrying amount or the number of ordinary shares issued during the prior year.

Share options

The movements in share options granted by the Company to directors and employees of the Company and its subsidiaries, pursuant to the share option scheme adopted on 2 May 1991, were as follows:

	Exercise period			
	23 May 1995 to 22 May 2001	1 November 1997 to 31 October 2000	23 August 2000 to 22 August 2003	Total
	Number of shares under options			
	'000	'000	'000	'000
Balance at beginning of year	13,300	5,900	-	19,200
Granted during the year	-	-	19,000	19,000
Lapsed during the year	-	-	(1,000)	(1,000)
Expired during the year	-	(5,900)	-	(5,900)
Balance at end of year	<u>13,300</u>	<u>-</u>	<u>18,000</u>	<u>31,300</u>
Exercise price per share (HK\$)	<u>0.324</u>	<u>0.664</u>	<u>0.224</u>	

The exercise in full of the outstanding options would, under the present capital structure of the Company, result in the issue of 31,300,000 additional ordinary shares and cash proceeds to the Company of HK\$8,341,200 before the related share issue expenses.