

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the consolidated profit attributable to the shareholders of HK\$453,203,000 (1999: HK\$37,867,000) and the weighted average number of 2,683,341,441 (1999: 2,411,081,609) shares in issue during the year ended 31st December 2000.

The fully diluted earnings per share is not disclosed as it would not be materially different from the basic earnings per share had it been calculated based on 2,742,840,257 (1999: 2,474,126,862) ordinary shares which represents the weighted average number of ordinary shares in issue during the year plus the weighted average number of 59,498,816 (1999: 63,045,253) ordinary shares deemed to be issued at nil consideration if all outstanding options had been exercised.

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' remuneration

The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Fees	3,936	655
Other emoluments		
Basic salaries	1,250	816
Share options exercised	2,250	13,407
	7,436	14,878
	7,436	14,878

- (i) Directors' fees disclosed above include HK\$136,000 (1999: HK\$110,000) paid to the independent non-executive directors.
- (ii) Under the Company's share option scheme, certain directors were granted options to acquire shares in the Company. The options are exercisable during a three-year period commencing on the expiry of six months after the date on which the option is granted, and shall expire at the end of the three-year period or 31st January 2003, whichever is earlier.

There were in total 15,700,000 share options outstanding as at 31st December 2000. The market value of the share of the Company as at 31st December 2000 was HK\$1.36 (1999:HK\$0.66).

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (cont'd)**(a) Directors' remuneration** (cont'd)

During the year, certain directors exercised their options to subscribe for 3,310,000 ordinary shares (1999: 18,400,000) in the Company. The gain related to exercise of the said option amounted in total to HK\$2,250,000. A breakdown of the options exercised is as follows:

<u>Date of grant</u>	<u>Exercise price</u>	<u>Market value at exercise date</u>	<u>Number of share options exercised</u>
	HK\$	HK\$	
5th March 1999	0.3112	1.08	2,400,000
15th June 1999	0.4056	0.66 – 1.04	910,000
			<u>3,310,000</u>

(iii) The emoluments of the directors fell within the following bands:

<u>Emolument bands</u>	<u>Number of Individuals</u>	
	<u>2000</u>	<u>1999</u>
HK\$nil – HK\$1,000 000	9	11
HK\$1,000,001 – HK\$1,500,000	2	–
HK\$1,500,001 – HK\$2,000,000	1	5
HK\$2,000,001 – HK\$2,500,000	–	2
	<u>12</u>	<u>18</u>

No director waived any emoluments during the years ended 31st December 1999 and 2000.

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS (cont'd)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (1999: The five individuals whose emoluments were the highest in the Group were directors and their emoluments are reflected in the analysis presented in (a) above.) individuals during the year are as follows:

	2000 HK\$'000	1999 HK\$'000
Basic salaries	66	—
Share options exercised	4,946	—
	<u>5,012</u>	<u>—</u>

The emoluments fell within the following bands:

<u>Emolument bands</u>	<u>Number of Individuals</u>	
	2000	1999
HK\$nil – HK\$1,000,000	—	—
HK\$1,000,001 – HK\$1,500,000	—	—
HK\$1,500,001 – HK\$2,000,000	—	—
HK\$2,000,001 – HK\$2,500,000	1	—
HK\$2,500,001 – HK\$3,000,000	1	—
	<u>1</u>	<u>—</u>

10 FIXED ASSETS

	Group					
	Land, land use rights and buildings HK\$'000	Investment properties HK\$'000	Plant and machinery HK\$'000	Office equipment and leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation:						
At 1st January 2000	121,890	45,120	76,209	24,467	8,456	276,142
Exchange adjustment	–	–	(335)	(39)	(76)	(450)
Transfers	(9,628)	9,628	–	–	–	–
Additions	–	3,712	12,634	2,695	1,636	20,677
Revaluation	–	(7,621)	–	–	–	(7,621)
Disposals	(3,559)	–	(2,132)	(2,164)	(1,442)	(9,297)
At 31st December 2000	<u>108,703</u>	<u>50,839</u>	<u>86,376</u>	<u>24,959</u>	<u>8,574</u>	<u>279,451</u>
Accumulated depreciation:						
At 1st January 2000	19,884	–	36,203	15,951	5,804	77,842
Exchange adjustment	–	–	(143)	(50)	(38)	(231)
Transfers	(1,802)	1,802	–	–	–	–
Revaluation	–	(1,802)	–	–	–	(1,802)
Charge for the year	4,030	–	4,142	1,974	817	10,963
Disposals	(235)	–	(1,619)	(1,362)	(1,308)	(4,524)
At 31st December 2000	<u>21,877</u>	<u>–</u>	<u>38,583</u>	<u>16,513</u>	<u>5,275</u>	<u>82,248</u>
Net book value:						
At 31st December 2000	<u><u>86,826</u></u>	<u><u>50,839</u></u>	<u><u>47,793</u></u>	<u><u>8,446</u></u>	<u><u>3,299</u></u>	<u><u>197,203</u></u>
At 31st December 1999	<u><u>102,006</u></u>	<u><u>45,120</u></u>	<u><u>40,006</u></u>	<u><u>8,516</u></u>	<u><u>2,652</u></u>	<u><u>198,300</u></u>

The analysis of the cost or valuation at 31st December 2000 of the above assets is as follows:

At cost	108,703	–	86,376	24,959	8,574	228,612
At 2000 professional valuation	–	50,839	–	–	–	50,839
	<u>108,703</u>	<u>50,839</u>	<u>86,376</u>	<u>24,959</u>	<u>8,574</u>	<u>279,451</u>

10 FIXED ASSETS (cont'd)

The Group's interests in investment properties, land, land use rights and buildings at their net book values are analysed as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
In Hong Kong, held on:		
Leases of over 50 years	101,951	94,006
Leases of between 10 to 50 years	14,170	31,974
Outside Hong Kong, held on:		
Leases of between 10 to 50 years	21,544	21,468
	137,665	147,448

Investment properties were revalued at 31st December 2000 on the basis of their open market values by Insignia Brooke, a member of the Hong Kong Institute of Surveyors.

Notes to the Accounts

31ST DECEMBER 2000

10 FIXED ASSETS (cont'd)

At 31st December 2000, certain land and buildings and investment properties with a total net book value of HK\$118,245,000 (1999: HK\$113,923,000) had been pledged as security for the Group's bank borrowings as mentioned in note 22(a) below.

	Company				
	Land use rights and buildings in the Mainland China HK\$'000	Investment properties in the Mainland China HK\$'000	Office equipment and leasehold improvements HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost:					
At 1st January 2000	12,160	–	2,224	1,719	16,103
Transfers	(12,160)	12,160	–	–	–
Additions	–	387	227	484	1,098
Disposals	–	–	(324)	(565)	(889)
Revaluation deficit	–	(2,787)	–	–	(2,787)
At 31st December 2000	<u>–</u>	<u>9,760</u>	<u>2,127</u>	<u>1,638</u>	<u>13,525</u>
Accumulated depreciation:					
At 1st January 2000	1,802	–	2,040	1,161	5,003
Transfers	(1,802)	1,802	–	–	–
Revaluation	–	(1,802)	–	–	(1,802)
Charge for the year	–	–	84	187	271
Disposals	–	–	(312)	(565)	(877)
At 31st December 2000	<u>–</u>	<u>–</u>	<u>1,812</u>	<u>783</u>	<u>2,595</u>
Net book value:					
At 31st December 2000	<u>–</u>	<u>9,760</u>	<u>315</u>	<u>855</u>	<u>10,930</u>
At 31st December 1999	<u>10,358</u>	<u>–</u>	<u>184</u>	<u>558</u>	<u>11,100</u>

The analysis of the cost or valuation at 31st December 2000 of the above assets is as follows:

At cost	–	–	2,127	1,638	3,765
At 2000 professional valuation	–	9,760	–	–	9,760
	<u>–</u>	<u>9,760</u>	<u>2,127</u>	<u>1,638</u>	<u>13,525</u>

11 INVESTMENTS IN SUBSIDIARIES

	Company	
	2000	1999
	HK\$'000	HK\$'000
Investments at cost		
– unlisted shares	656,346	602,220
– provision for permanent diminution in value	(179,426)	(184,822)
	476,920	417,398
Amount due from a subsidiary	521,533	513,237
	998,453	930,635

- (a) The balance is unsecured, interest-free and not repayable within the next twelve months.
- (b) The particulars of principal consolidated subsidiaries are set out in note 33 to the accounts.

12 INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

	Group	
	2000	1999
	HK\$'000	HK\$'000
Share of net assets	20,577	19,443

12 INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES (cont'd)

At 31st December 2000, the Company had indirect interests in the equity capital of the following non-consolidated subsidiaries:

Name	Place of incorporation/ establishment	Principal activities	Registered capital	Effective interest held
Guangzhou Denway Development Corporation Limited (note a)	The People's Republic of China (the "PRC")	Car washing service and sale of motor vehicle spare parts	RMB 10,000,000	26%
Guangzhou Hua De Automobile Spring Company Limited (note b)	PRC	Manufacture of automobile springs	US\$5,000,000	51%

(a) This is a sino-foreign equity joint venture in which a 51% directly owned subsidiary of the Company has a 51% interest in its equity capital and profit sharing. The Group's investment cost in this company is HK\$4,800,000 (1999: HK\$4,800,000). This joint venture is operated under contractual restrictions which significantly impair control by the Company over it but in which the Company exercises significant influence. The joint venture period is 20 years from July 1994.

(b) This is a sino-foreign equity joint venture in which a wholly-owned subsidiary of the Company has a 51% interest in its equity capital and profit sharing. The Group's investment cost in this company is HK\$19,775,000 (1999: HK\$19,775,000). This joint venture is operated under contractual restrictions which significantly impair control by the Company over it but in which the Company exercises significant influence. The joint venture period is 50 years from December 1993.

13 INVESTMENTS IN A JOINTLY CONTROLLED ENTITY

	Group	
	2000	1999
	HK\$'000	HK\$'000
Share of net assets	786,425	487,164
Capitalisation of interest	10,017	10,017
	<u>796,442</u>	<u>497,181</u>

(a) Particulars of the jointly controlled entity are as follows:

Name	Place of incorporation/ establishment	Principal activities	Effective interest held
Guangzhou Honda Automobile Co. Ltd. ("Guangzhou Honda")	PRC	Manufacturing and assembly of motor vehicles	47.5%

This is a sino-foreign equity joint-venture in which a 95% directly owned subsidiary of the Company has a 50% interest in its equity capital, voting power and profit sharing. The Group's investment cost in this company is HK\$514,333,000 (1999: HK\$514,333,000). The Group has no unilateral control over the joint venture company. The joint venture period is 30 years from May 1998.

(b) Financial information of the jointly controlled entity is as follows:

	2000	1999
	HK\$'000	HK\$'000
Fixed assets	979,569	937,169
Intangible assets	17,136	11,452
Goodwill	361,479	381,561
Current assets	1,305,008	413,674
Current liabilities	(1,000,377)	(442,975)
Minority interests	(4,257)	(4,244)
Long-term liabilities	(2,930)	(271,028)
Shareholders' funds	<u>1,655,628</u>	<u>1,025,609</u>

13 INVESTMENTS IN A JOINTLY CONTROLLED ENTITY (cont'd)

(b) Financial information of the jointly controlled entity is as follows: (cont'd)

	2000 HK\$'000	1999 HK\$'000
Turnover	<u>6,624,437</u>	<u>2,010,482</u>
Profit/(loss) for the year before minority interests	969,206	(26,581)
Minority interests	<u>(13)</u>	<u>(4)</u>
Profit/(loss) for the year	<u>969,193</u>	<u>(26,585)</u>

14 INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Unlisted investments, at cost	–	–	57,996	64,172
Share of net assets	<u>64,739</u>	<u>76,506</u>	<u>–</u>	<u>–</u>
	<u>64,739</u>	<u>76,506</u>	<u>57,996</u>	<u>64,172</u>

The following are particulars of a principal associated company of the Group at 31st December 2000:

Name	Place of incorporation/ establishment	Principal activities	Registered capital	Effective interest held
Guangzhou Storage Battery Enterprise Company Limited	PRC	Manufacture of automobile batteries	RMB 60,000,000	36%

This is a sino-foreign equity joint venture in which the Company has a 36% interest in its equity capital and profit sharing. The investment cost is approximately HK\$64,172,000 (1999: HK\$64,172,000). The joint venture period is 50 years from December 1993.