

## 1. GENERAL

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited.

The Company acts as an investment holding company. The activities of the principal subsidiaries and associates are set out in notes 28 and 15 respectively to the financial statements.

The financial statements are expressed in United States dollars, the currency in which most of its transactions are carried out.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

### ***Basis of consolidation***

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

## **2. SIGNIFICANT ACCOUNTING POLICIES** *(continued)*

### ***Goodwill***

Goodwill arising on consolidation represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the net assets at the date of acquisition of a subsidiary and is capitalised and amortised on a straight line basis over its useful economic life, not exceeding twenty years. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

On disposal of a subsidiary, the attributable amount of unamortised goodwill or negative goodwill previously credited to reserves is included in the determination of the profit or loss on disposal of the subsidiary.

### ***Interests in subsidiaries***

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Interests in subsidiaries are included in the Company's balance sheet at cost, as reduced by any impairment loss that is other than temporary.

### ***Interests in associates***

An associate is an enterprise, over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates, as reduced by any impairment loss that is other than temporary.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost, as reduced by any impairment loss that is other than temporary.

**2. SIGNIFICANT ACCOUNTING POLICIES** *(continued)****Contractual joint ventures***

The Group's contractual joint ventures arrangements are investments in joint ventures in which the Group receives predetermined annual returns over the terms of the joint ventures but is not entitled to share any distribution on termination of the joint ventures. Accordingly, contractual joint ventures are initially recorded at cost and reduced by subsequent capital repayments. Payments receivable each year under the joint venture agreements are apportioned between income and reduction of the carrying value of the investments so as to give a constant periodic rate of return on the investments.

***Investments in securities***

Investments in securities are recognised on a trade-date basis and are initially measured at cost. At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

**2. SIGNIFICANT ACCOUNTING POLICIES** *(continued)****Revenue recognition***

Income from contractual joint ventures is recognised by reference to the predetermined returns so as to give a constant periodic rate of return on the net investments annually.

Interest income from bank deposits is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

***Foreign currencies***

Transactions in foreign currencies are translated into United States dollars at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than United States dollars are re-translated into United States dollars at the approximate rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of subsidiaries and associates expressed in currencies other than United States dollars are translated at the rates ruling at the balance sheet date. All exchange differences arising on consolidation are dealt with as movements in the exchange equalisation reserve.

***Taxation***

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

# OTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

## 3. TURNOVER

Turnover represents the amounts received and receivable on investments during the year as follows:

|  | THE GROUP    |              |
|--|--------------|--------------|
|  | 2000<br>US\$ | 1999<br>US\$ |
| Interest income  | 2,399,501    | 2,700,908    |
| Income from contractual joint ventures                     | 1,481,226    | 2,957,433    |
| Dividend income from listed investments<br>in securities   | 194,723      | 115,032      |
| Dividend income from unlisted<br>investments in securities | 2,107,368    | 2,212,495    |
|  | 6,182,818    | 7,985,868    |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

## 4. SEGMENTAL INFORMATION

The Group's turnover and contribution to operating profit for the year ended 31 December 2000, analysed by principal activity and geographical market, were as follows:

|   | 2000             |  | 1999             |  |
|---|------------------|--|------------------|--|
|   | Turnover<br>US\$ | Contribution<br>to profit from<br>operations<br>US\$ | Turnover<br>US\$ | Contribution<br>to profit from<br>operations<br>US\$ |
| By principal activity:  |                  |  |                  |  |
| Deposits placing  | 2,399,501        | 2,399,501  | 2,700,908        | 2,700,908  |
| Contractual joint<br>ventures investments                     | 1,481,226        | (2,258,301)  | 2,957,433        | (313,691)  |
| Unlisted investments<br>in securities                         | 2,107,368        | 10,412,261   | 2,212,495        | 1,350,612  |
| Listed investments<br>in securities                           | 194,723          | (531,214)  | 115,032          | 745,545  |
|   | 6,182,818        | 10,022,247   | 7,985,868        | 4,483,374  |
| Other revenue   |                  | 90,289   |                  | 3,124  |
| Administrative expenses                                       |                  | (2,548,785)  |                  | (2,236,348)  |
| Profit from operations  |                  | 7,563,751  |                  | 2,250,150  |
| By geographical market:                                       |                  |  |                  |  |
| Hong Kong   | 1,034,918        | (388,886)  | 499,912          | 1,451,218  |
| Other regions in the<br>People's Republic of<br>China ("PRC") | 5,147,900        | 10,411,133   | 7,485,956        | 3,032,156  |
|   | 6,182,818        | 10,022,247   | 7,985,868        | 4,483,374  |
| Other revenue   |                  | 90,289   |                  | 3,124  |
| Administrative expenses                                       |                  | (2,548,785)  |                  | (2,236,348)  |
| Profit from operations  |                  | 7,563,751  |                  | 2,250,150  |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

## 5. PROVISION/LOSS ON INVESTMENTS

|   | THE GROUP    |              |
|---|--------------|--------------|
|   | 2000<br>US\$ | 1999<br>US\$ |
| Unrealised holding loss of listed investments in securities       | 2,033,759    | 821,105      |
| Unrealised holding loss of unlisted investments<br>in securities  | 209,195      | 2,000,000    |
| Provision for diminution in value of<br>contractual joint venture | 1,911,171    | 3,271,124    |
| Provision for diminution in value of debt securities              | –            | 300,000      |
| Loss on disposal of debt securities                               | –            | 37,275       |
|   | 4,154,125    | 6,429,504    |

## 6. PROFIT BEFORE TAXATION

|   | THE GROUP    |              |
|---|--------------|--------------|
|   | 2000<br>US\$ | 1999<br>US\$ |
| Profit before taxation has been arrived at after charging:    |              |              |
| Amortisation of goodwill                                      | 1,092        | 91           |
| Auditors' remuneration  | 44,653       | 43,216       |
| Net foreign exchange losses                                   | 22,471       | 22,756       |
| Investment manager's fee                                      | 2,181,726    | 1,954,681    |
| Interest expense on bank loans repayable<br>within five years | –            | 14,323       |
| Directors' fee  | 30,000       | 30,770       |

## 7. DIRECTORS' EMOLUMENTS

|   | THE GROUP    |              |
|---|--------------|--------------|
|   | 2000<br>US\$ | 1999<br>US\$ |
| Directors' fees                               |              |              |
| – Executive                                   | 15,000       | 15,385       |
| – Non-executive                               | 15,000       | 15,385       |
|   | 30,000       | 30,770       |
| Other emoluments                              |              |              |
| – Salaries and other benefits                 | –            | –            |
| – Contribution to retirement benefits schemes | –            | –            |
| – Performance related incentive payment       | –            | –            |
| – Incentive payment on joining                | –            | –            |
|   | –            | –            |

Emoluments paid to each director in 2000 and 1999 were less than US\$125,000.

The amounts disclosed above include directors' fees of US\$7,693 (1999: US\$7,693) payable to independent non-executive directors.

## 8. EMPLOYEES' EMOLUMENTS

The five highest paid individuals in the Group in 2000 and 1999 were all directors of the Company and details of their emoluments are included in note 7 above.



## 9. TAXATION

|   | <b>THE GROUP</b>     |                      |
|---|----------------------|----------------------|
|   | <b>2000<br/>US\$</b> | <b>1999<br/>US\$</b> |
| The charge comprises:                                     |                      |                      |
| Profits tax for the year                                  |                      |                      |
| Hong Kong   | (889)                | (3,953)              |
| Other regions in the PRC                                  | 21,313               | 20,419               |
| Taxation attributable to the Company and its subsidiaries | 20,424               | 16,466               |
| Share of taxation on results of associates                |                      |                      |
| Other regions in the PRC                                  | 81,056               | 89,621               |
|   | 101,480              | 106,087              |

No Hong Kong profits tax has been provided in the financial statements as there are no significant assessable profits for the year. The taxation credit represents the overprovision of profits tax in previous years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

No provision for deferred taxation has been recognised in the financial statements as the amount involved is insignificant.

## 10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Of the Group's profit for the year of US\$3,652,727 (1999: US\$2,448,100), a loss of US\$6,642,569 (1999: US\$1,184,383) has been dealt with in the financial statements of the Company.

## 11. DIVIDENDS

|  | THE GROUP    |              |
|--|--------------|--------------|
|  | 2000<br>US\$ | 1999<br>US\$ |
| Ordinary shares:   |              |              |
| Interim, paid – US\$0.005 per share (1999: US\$0.005)    | 685,728      | 685,728      |
| Final , proposed – US\$0.008 per share (1999: US\$0.008) | 1,097,165    | 1,097,165    |
|  | 1,782,893    | 1,782,893    |

## 12. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

|   | THE GROUP   |             |
|---|-------------|-------------|
|   | 2000        | 1999        |
| Earnings for the purpose of basic earnings per share (US\$)           | 3,652,727   | 2,448,100   |
| Number of ordinary shares for the purpose of basic earnings per share | 137,145,600 | 137,145,600 |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

## 13. GOODWILL

|   | THE GROUP    |
|---|--------------|
|   | 2000<br>US\$ |
| AT COST                                 |              |
| Balance as at 1 January and 31 December | 1,637        |
| ACCUMULATED AMORTISATION                |              |
| Balance as at 1 January                 | 545          |
| Provided for the year                   | 1,092        |
| Balance as at 31 December               | 1,637        |
| NET BOOK VALUE                          |              |
| Balance as at 31 December               | –            |

## 14. INVESTMENTS IN SUBSIDIARIES

|   | THE COMPANY  |              |
|---|--------------|--------------|
|   | 2000<br>US\$ | 1999<br>US\$ |
| Investments at cost (less amounts written off): |              |              |
| Unlisted shares, at cost                        | 10,066,348   | 10,066,348   |
| Amounts due from subsidiaries                   | 54,864,912   | 65,647,601   |
|   | 64,931,260   | 75,713,949   |

Particulars of the principal subsidiaries at 31 December 2000 are set out in note 28.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

## 15. INTERESTS IN ASSOCIATES

|  | THE GROUP    |              |
|--|--------------|--------------|
|  | 2000<br>US\$ | 1999<br>US\$ |
| Share of net assets                                    | 7,862,779    | 3,475,188    |
| Amount due from associates                             | 11,013,385   | 17,863,105   |
|  | 18,876,164   | 21,338,293   |
| Less : Provision for diminution in value of associates | (7,575,429)  | (3,600,000)  |
|  | 11,300,735   | 17,738,293   |

As at 31 December 2000, the Group had investments in the following associates:

| Name of company                           | Place of<br>incorporation/<br>operation  | Class of<br>share held | Principal<br>activities                  | Proportion of<br>nominal value of<br>issued capital/<br>registered capital<br>held by the Group |
|---|--|------------------------|--|---|
| Daily On Property Limited                 | HK/PRC                                   | Ordinary               | Property<br>development                  | 22%   |
| Hansen Enterprises Limited*               | British Virgin<br>Islands<br>("BVI")/PRC | Ordinary               | Property<br>investment                   | 35%   |
| Zhaoyuan Jinbao Electronics<br>Co., Ltd.* | PRC/PRC                                  | Registered<br>capital  | Manufacturing<br>electronics<br>products | 30%   |

\* The financial statements of the associates are not audited by Deloitte Touche Tohmatsu.

## 16. CONTRACTUAL JOINT VENTURES

|  | THE GROUP    |              |
|--|--------------|--------------|
|  | 2000<br>US\$ | 1999<br>US\$ |
| Unlisted investments   |              |              |
| Contributions to contractual joint ventures less capital recovered | 18,938,325   | 20,888,299   |

Particulars of contractual joint ventures at 31 December 2000 are as follows:

| Name  | Principal activities               | Expiry date<br>of joint venture |
|---|------------------------------------|---------------------------------|
| Wei Fang Yin Yuan Aviation Industry Co., Ltd.     | Airport construction and operation | 4 May 2009                      |
| Weifang Zhaoyin Real Estate Development Co., Ltd. | Property development               | 23 June 2014                    |
| Chengde Wanli Steel Tubes Co., Ltd.               | Steel tubes manufacturing          | 12 March 2016                   |
| Maoming Tongfa Highway Co., Ltd.                  | Highway construction and operation | 28 February 2021                |
| Beijing Longbao Mansion Joint Operation Project   | Property investment                | 24 July 2000*                   |

\* The Group is in the process of negotiating a new joint management contract.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

## 17. INVESTMENTS IN SECURITIES

### THE GROUP

|                                   | Held to maturity securities |              | Other investments |              | Total        |              |
|-----------------------------------|-----------------------------|--------------|-------------------|--------------|--------------|--------------|
|                                   | 2000<br>US\$                | 1999<br>US\$ | 2000<br>US\$      | 1999<br>US\$ | 2000<br>US\$ | 1999<br>US\$ |
| Equity securities:                |                             |              |                   |              |              |              |
| Listed                            | –                           | –            | 3,219,976         | 5,199,710    | 3,219,976    | 5,199,710    |
| Unlisted                          | –                           | –            | 46,551,115        | 38,189,160   | 46,551,115   | 38,189,160   |
|                                   | –                           | –            | 49,771,091        | 43,388,870   | 49,771,091   | 43,388,870   |
| Debt securities:                  |                             |              |                   |              |              |              |
| Listed                            | –                           | 700,000      | –                 | –            | –            | 700,000      |
| Unlisted                          | 543,674                     | –            | –                 | –            | 543,674      | –            |
|                                   | 543,674                     | 700,000      | –                 | –            | 543,674      | 700,000      |
| Total:                            |                             |              |                   |              |              |              |
| Listed                            |                             |              |                   |              |              |              |
| Hong Kong                         | –                           | –            | 3,202,776         | 3,533,809    | 3,202,776    | 3,533,809    |
| Elsewhere                         | –                           | 700,000      | 17,200            | 1,665,901    | 17,200       | 2,365,901    |
| Unlisted                          | 543,674                     | –            | 46,551,115        | 38,189,160   | 47,094,789   | 38,189,160   |
|                                   | 543,674                     | 700,000      | 49,771,091        | 43,388,870   | 50,314,765   | 44,088,870   |
| Market value of listed securities | –                           | 266,643      | 3,219,976         | 5,199,710    | 3,219,976    | 5,466,353    |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

## 17. INVESTMENTS IN SECURITIES *(continued)*

### THE COMPANY

|                         | Other Investment |              |
|-------------------------|------------------|--------------|
|                         | 2000<br>US\$     | 1999<br>US\$ |
| Equity securities       |                  |              |
| Listed, at market value | 17,200           | 11,000       |

Particulars of the Group's unlisted investment portfolio which exceed 10% of the assets of the Group at 31 December 2000 disclosed pursuant to Section 129(2) of the Companies Ordinance are as follows:

| Name                             | Place of<br>incorporation | Class of<br>share capital | Percentage of<br>equity held by<br>the Group |
|----------------------------------|---------------------------|---------------------------|--|
| China Merchants Bank             | PRC                       | equity                    | 1.62%  |
| Fujian Industrial Bank Co., Ltd. | PRC                       | equity                    | 2.13%  |

## 18. ACCOUNTS RECEIVABLE AND PREPAYMENTS

As at 31 December 2000, all the account receivable amounts were due within one year.

## 19. SHARE CAPITAL

|   | 2000<br>US\$ | 1999<br>US\$ |
|---|--------------|--------------|
| Authorised:<br>150,000,000 ordinary shares of US\$0.10 each                                   | 15,000,000   | 15,000,000   |
| Issued and fully paid:<br>137,145,600 (1999: 114,288,000) ordinary shares of<br>US\$0.10 each | 13,714,560   | 11,428,800   |
| Issued by capitalization of the share premium account<br>(Note 24)                            | –            | 2,285,760    |
| 137,145,600 (1999: 137,145,600) ordinary shares of<br>US\$0.10 each                           | 13,714,560   | 13,714,560   |



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

## 20. RESERVES

|  | Share<br>premium<br>US\$ | Exchange<br>equalisation<br>US\$ | Retained<br>profits<br>US\$ | Total<br>US\$ |
|--|--------------------------|----------------------------------|-----------------------------|---------------|
| <b>THE GROUP</b>   |                          |                                  |                             |               |
| At 1 January 1999  | 83,811,744               | 124,266                          | 23,216,277                  | 107,152,287   |
| Exchange differences on translation<br>of financial statements of associates | –                        | 122                              | –                           | 122           |
| Issue of bonus shares  | (2,285,760)              |                                  |                             | (2,285,760)   |
| Profit for the year, retained  | –                        | –                                | 665,207                     | 665,207       |
| As at 1 January 2000   | 81,525,984               | 124,388                          | 23,881,484                  | 105,531,856   |
| Exchange differences on translation<br>of financial statements of associates | –                        | 5,802                            | –                           | 5,802         |
| Profit for the year, retained  | –                        | –                                | 1,869,834                   | 1,869,834     |
| As at 31 December 2000   | 81,525,984               | 130,190                          | 25,751,318                  | 107,407,492   |
| <b>THE COMPANY</b>   |                          |                                  |                             |               |
| As at 1 January 1999   | 83,811,744               | –                                | 12,997,359                  | 96,809,103    |
| Issue of bonus shares  | (2,285,760)              | –                                | –                           | (2,285,760)   |
| Loss for the year  | –                        | –                                | (1,184,383)                 | (1,184,383)   |
| Dividends  | –                        | –                                | (1,782,893)                 | (1,782,893)   |
| As at 1 January 2000   | 81,525,984               | –                                | 10,030,083                  | 91,556,067    |
| Loss for the year  | –                        | –                                | (6,642,569)                 | (6,642,569)   |
| Dividends  | –                        | –                                | (1,782,893)                 | (1,782,893)   |
| As at 31 December 2000   | 81,525,984               | –                                | 1,604,621                   | 83,130,605    |

# OTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

## 20. RESERVES *(continued)*

Included in the above are the following Group's share of post-acquisition reserves of the associates:

|                                | 2000<br>US\$ | 1999<br>US\$ |
|--------------------------------|--------------|--------------|
| As at 1 January                | 329,532      | 513,682      |
| Loss for the year, accumulated | (472,772)    | (184,150)    |
| As at 31 December              | (143,240)    | 329,532      |

The amount of the Company's reserves available for distribution to shareholders, calculated in accordance with generally accepted accounting principles in Hong Kong, was US\$1,604,621 (1999: US\$10,030,083).

## 21. NET ASSET VALUE PER SHARE

The calculation of the net asset value per share is based on the net assets of US\$121,122,052 (1999: US\$119,246,416) and 137,145,600 ordinary shares (1999: 137,145,600 ordinary shares) of US\$0.10 each in issue.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

## 22. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

|  | <b>2000<br/>US\$</b> | <b>1999<br/>US\$</b> |
|--|----------------------|----------------------|
| Profit before taxation   | 3,754,207            | 2,554,187            |
| Non-cash dividend income   | (8,930)              | (1,028,062)          |
| Interest expense on bank loan  | –                    | 14,323               |
| Share of results of associates   | (165,885)            | (318,360)            |
| Unrealised holding gain of unlisted investments<br>in securities               | (8,514,088)          | (1,138,117)          |
| Gain on disposal of listed investments in securities                           | (1,307,822)          | (1,788,893)          |
| Unrealised holding loss of listed investment<br>in securities                  | 2,033,759            | 821,105              |
| Discount recognised on debt securities   | –                    | (203,685)            |
| Loss on disposal of debt securities  | –                    | 37,275               |
| Amortisation of goodwill   | 1,092                | 91                   |
| Provision for diminution in value of associates                                | 3,975,429            | –                    |
| Provision for diminution in value of<br>contractual joint ventures             | 1,911,171            | 3,271,124            |
| Unrealised holding loss of unlisted investments<br>in securities               | 209,195              | 2,000,000            |
| Provision for diminution in value of debt securities                           | –                    | 300,000              |
| Decrease (increase) in accounts receivable<br>and prepayments                  | 3,279,334            | (1,592,182)          |
| (Decrease) increase in accounts payable,<br>other payables and accrued charges | (363,623)            | 216,440              |
| Net cash inflow from operating activities                                      | 4,803,839            | 3,145,246            |

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

## 23. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

|                           | THE GROUP    |              |
|---------------------------|--------------|--------------|
|                           | Bank Loan    |              |
|                           | 2000<br>US\$ | 1999<br>US\$ |
| As at 1 January           | –            | 603,996      |
| Repayment during the year | –            | (603,996)    |
| As at 31 December         | –            | –            |

## 24. MAJOR NON-CASH TRANSACTIONS

In the year 1999, 22,857,600 bonus shares were issued, by the capitalization of US\$2,285,760 of share premium account.

## 25. LEASE COMMITMENTS

At 31 December 2000, the Group and the Company had no commitment under non-cancellable operating leases (1999: Nil).

## 26. COMMITMENTS

At 31 December 2000, the Group and the Company had no capital commitment not provided for in the financial statements (1999: Nil).

## 27. RELATED PARTY TRANSACTION

The Company has appointed China Merchants China Investment Management Limited as the Investment Manager for both listed and unlisted investments. Certain directors of the Company are also directors and/or shareholders of the Investment Manager.

During the year, management fees totalling US\$2,181,726 (1999: US\$1,954,681) were paid or payable to the Investment Manager, which is calculated based on a fixed percentage on the value of the Group's assets as stipulated in the Agreement. The amounts owing to the Investment Manager at 31 December 2000 were US\$533,550 (1999: US\$550,299).

## 28. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries at 31 December 2000, which are all wholly-owned and directly held by the Company, are as follows:

| <b>Name</b>  | <b>Place of incorporation</b> | <b>Principal activities</b> | <b>Particulars of issued share capital</b> |
|--|-------------------------------|-----------------------------|--|
| CMCDI Zhaoyuan Limited                                   | BVI                           | Investment holding          | 1 ordinary share of US\$1 each             |
| China Merchants Industry Development (Shenzhen) Limited* | PRC                           | Investment holding          | Paid up capital of US\$10,000,000          |
| Convoy Overseas Limited                                  | BVI                           | Investment holding          | 1 ordinary share of US\$1 each             |
| Foster Overseas Limited                                  | BVI                           | Investment holding          | 1 ordinary share of US\$1 each             |
| Head Union Development Limited                           | HK                            | Investment holding          | 2 ordinary shares of HK\$1 each            |
| Ryan Pacific Limited                                     | BVI                           | Investment holding          | 1 ordinary share of US\$1 each             |
| Star Group Limited                                       | HK                            | Investment holding          | 2 ordinary shares of HK\$1 each            |
| Storey Overseas Limited                                  | BVI                           | Investment holding          | 1 ordinary share of US\$1 each             |
| Supertone Investment Limited                             | BVI                           | Investment holding          | 1 ordinary share of US\$1 each             |
| Weaver International Limited                             | BVI                           | Investment holding          | 1 ordinary share of US\$1 each             |

**28. PARTICULARS OF PRINCIPAL SUBSIDIARIES** *(continued)*

| <b>Name</b>                   | <b>Place of<br/>incorporation</b> | <b>Principal<br/>activities</b> | <b>Particulars of<br/>issued share capital</b> |
|-------------------------------|-----------------------------------|---------------------------------|--|
| Wheaton International Limited | BVI                               | Investment holding              | 1 ordinary share of<br>US\$1 each              |
| Woodford Pacific Limited      | BVI                               | Investment holding              | 1 ordinary share of<br>US\$1 each              |

The above table lists the subsidiaries of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had any loan capital subsisting at 31 December 2000 or at any time during the year.

\* *Company not audited by Deloitte Touche Tohmatsu.*