

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December, 2000

5. Directors' and Employees' Emoluments

Particulars of the emoluments of directors and the five highest paid employees are as follows:

(a) Directors' emoluments

	2000 HK\$'000	1999 HK\$'000
Fees:		
Executive	—	105
Non-executive	10	35
Independent non-executive	146	180
	156	320
Other emoluments:		
Executive		
Salaries and other benefits	3,334	3,122
Bonus	643	3,830
Pension scheme contributions	79	45
	4,056	6,997
	4,212	7,317

Emoluments of the directors are within the following bands:

	Number of directors	
	2000	1999
HK\$1,000,000 or below	16	8
HK\$1,000,001 to HK\$1,500,000	1	—
HK\$1,500,001 to HK\$2,000,000	—	1
HK\$3,000,001 to HK\$3,500,000	—	1
	17	10

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December, 2000

5. Directors' and Employees' Emoluments (Cont'd)

(b) Employees' emoluments

During the year, the five highest paid individuals included one director (1999: three directors) details of whose emoluments are set out in note 5(a) above.

The emoluments of the remaining four individuals (1999: two individuals) are as follows:

	2000 HK\$'000	1999 HK\$'000
Salaries and other benefits	3,133	1,080
Bonus	1,350	2,150
Pension scheme contributions	39	28
	4,522	3,258

Emoluments of the employees are within the following bands:

	Number of employees	
	2000	1999
HK\$1,000,000 or below	—	1
HK\$1,000,001 to HK\$1,500,000	4	—
HK\$2,000,001 to HK\$2,500,000	—	1
	4	2

During the years ended 31st December, 2000 and 1999, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, during the years ended 31st December, 2000 and 1999, no director waived any emoluments.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December, 2000

6. Finance Costs

	2000 HK\$'000	1999 HK\$'000
Finance charge on obligations under finance leases and hire purchase contracts	1,406	2,172
Interest on borrowings wholly repayable within five years:		
Bank borrowings	12,034	8,578
Other borrowings	431	939
	13,871	11,689

7. Taxation

	2000 HK\$'000	1999 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
- current year	7,529	2,580
- under (over) provision in previous years	905	(215)
- refund for the year	—	(90)
Taxation outside Hong Kong - current year	300	301
	8,734	2,576
Deferred taxation (note 18)	(7,779)	8,900
	955	11,476

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profit for the year.

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December, 2000

7. Taxation (Cont'd)

The Company's subsidiaries in the PRC are exempted from income tax in the PRC for two years starting from the first profit-making year followed by a 50 per cent. reduction in the income tax rate in the following three years (the "Tax Reduction Period"). During the year, one of these subsidiaries was operating within the Tax Reduction Period and accordingly, was subject to income tax at a reduced rate. PRC income tax is calculated at the applicable rate relevant to that PRC subsidiary. The other subsidiary was still operating within the tax exemption period.

8. Net Profit For The Year

	2000 HK\$'000	1999 HK\$'000
Dealt with in the financial statements		
of the Company (note 21)	9,463	(444)
Attributable to subsidiaries	18,131	25,869
	27,594	25,425

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December, 2000

9. Dividend

	2000 HK\$'000	1999 HK\$'000
Interim dividend of HK2 cents per share (1999: Nil)	7,284	—

The directors do not recommend the payment of a final dividend.

10. Earnings Per Share

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

	2000 HK\$'000	1999 HK\$'000
Net profit for the year	27,594	25,425
Weighted average number of ordinary shares		
for the purposes of basic earnings per share	314,254,822	236,516,068
Effect of dilutive potential ordinary shares in respect of share options	3,748,021	2,419,773
Weighted average number of ordinary shares for the purposes of diluted earnings per share	318,002,843	238,935,841

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 31st December, 2000

11. Property, Plant and Equipment

	Leasehold		Plant and machinery	Furniture and Motor vehicles		Total
	land and buildings	Leasehold improvements		fixtures	and vehicles	
	HK\$'000	HK\$'000		HK\$'000	HK\$'000	
THE GROUP						
COST						
At 1st January, 2000	20,529	1,083	269,026	20,028	4,039	314,705
Additions	2,140	—	40,377	3,865	1,891	48,273
Upon disposal of a subsidiary	—	—	—	(9)	—	(9)
Disposals	—	—	(1,054)	(30)	(1,328)	(2,412)
At 31st December, 2000	22,669	1,083	308,349	23,854	4,602	360,557
DEPRECIATION AND AMORTISATION						
At 1st January, 2000	1,561	875	81,138	10,420	2,221	96,215
Provided for the year	572	208	29,096	5,412	1,020	36,308
Eliminated on disposals	—	—	(459)	(8)	(952)	(1,419)
Impairment loss	704	—	11,774	—	—	12,478
At 31st December, 2000	2,837	1,083	121,549	15,824	2,289	143,582
NET BOOK VALUES						
At 31st December, 2000	19,832	—	186,800	8,030	2,313	216,975
At 31st December, 1999	18,968	208	187,888	9,608	1,818	218,490

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December, 2000

11. Property, Plant and Equipment (Cont'd)

The directors have reviewed the carrying value of the leasehold land and buildings and plant and machinery which have been idle for a prolonged period of time and have substantial diminution in value at 31st December, 2000 and determined that the recoverable amount from the use of certain of these assets had declined below their carrying value. Accordingly, the carrying value of these assets was reduced by approximately HK\$12,478,000 (1999: Nil) to reflect this impairment.

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
The net book value of the properties comprises:		
Leasehold land and buildings situated in:		
- Hong Kong under long leases	700	1,454
- the PRC under medium-term land use right	19,132	17,514
	19,832	18,968

The net book value of property, plant and equipment of the Group at 31st December, 2000 included an amount of approximately HK\$34,892,000 (1999: HK\$43,700,000) in respect of assets held under finance leases and hire purchase contracts.

12. Interest in Subsidiaries

	THE COMPANY	
	2000	1999
	HK\$'000	HK\$'000
Unlisted shares	92,963	92,963
Amounts due from subsidiaries	93,782	22,000
	186,745	114,963

Particulars of the Company's principal subsidiaries at 31st December, 2000 are set out in note 35.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December, 2000

13. Investments in Securities

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Non-trading equity securities, at market or fair value:		
Listed shares in Hong Kong	645	642
Unlisted shares	—	780
	645	1,422

14. Inventories

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Raw materials	39,576	25,711
Work in progress	10,734	9,524
Finished goods	2,788	1,910
	53,098	37,145

Included above are raw materials of approximately HK\$5,739,000 (1999: Nil) which are carried at net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

For the year ended 31st December, 2000

15. Trade Receivables

The Group has a policy of allowing a credit period from 30 days to 120 days (1999: 30 days to 120 days) to its trade customers. The aged analysis of trade receivables prepared on the basis of sales invoice date is stated as follows:

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
0 to 30 days	46,378	30,315
31 to 60 days	36,629	23,880
61 to 90 days	45,109	16,957
91 to 120 days	19,502	20,119
More than 120 days	14,784	6,501
	162,402	97,772

16. Trade Payables

The aged analysis of trade payables prepared on the basis of supplier invoice date is stated as follows:

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
0 to 30 days	21,133	21,771
31 to 60 days	17,439	15,730
61 to 90 days	14,378	9,974
91 to 120 days	8,990	9,237
More than 120 days	515	1,121
	62,455	57,833

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 31st December, 2000

17. Borrowings

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
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Borrowings comprise:		
Bank loans	94,859	38,552
Import loans	78,839	37,671
Other loans	1,566	7,687
Obligations under finance leases and hire purchase contracts	15,630	19,969
	190,894	103,879
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Analysed as:		
Secured	154,768	89,461
Unsecured	36,126	14,418
	190,894	103,879
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Bank borrowings are repayable as follows:		
Within one year or on demand	153,826	62,772
More than one year but not exceeding two years	9,526	9,747
More than two years but not exceeding five years	10,346	3,704
	173,698	76,223
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Other borrowings are repayable as follows:		
Within one year or on demand	1,566	6,122
More than one year but not exceeding two years	—	1,565
	1,566	7,687
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Obligations under finance leases and hire purchase contracts are repayable as follows:		
Within one year	8,344	11,038
More than one year but not exceeding two years	3,857	6,775
More than two years but not exceeding five years	3,429	2,156
	15,630	19,969
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Total	190,894	103,879
Less: Amount repayable within one year or on demand and shown under current liabilities	(163,736)	(79,932)
	27,158	23,947
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