

Notes to the Financial Statements

For the Year ended 31 December 2000

20. Interests in Joint Ventures (Continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Hunan Changyi (Ningheng) Expressway Co., Ltd. 湖南長益(寧衡)高速公路有限公司	RMB98,458,000	43.17% #	Investment in and development, operation and management of Hunan Changsha - Yiyang Expressway (Ningheng Section) in Hunan, PRC
Hunan Changyi (Zijiang No. 2 Bridge) Expressway Co., Ltd. 湖南長益(資江二橋)高速公路有限公司	RMB78,328,000	43.17% #	Investment in and development, operation and management of Hunan Changsha - Yiyang Expressway (Zijiang No. 2 Bridge) in Hunan, PRC
Jieyang Hong Jia Highway Co., Ltd. 揭陽市宏佳公路有限公司	RMB98,720,000	50% #	Construction and management of Provincial Highway 1930 Jieyang - Chaozhou Highway in Jieyang, PRC
Jieyang Hong Jing Highway Co., Ltd. 揭陽市宏景公路有限公司	RMB98,600,000	50% #	Construction and management of Provincial Highway 1930 Jieyang - Chiwei Highway in Jieyang, PRC
Jieyang Hui Tong Highway Co., Ltd. 揭陽市惠通公路有限公司	RMB103,600,000	50% #	Construction and management of National Highway 206 Jieyang - Shantou Highway in Jieyang, PRC

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20. Interests in Joint Ventures (Continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Jieyang Jun Tong Highway Co., Ltd. 揭陽市俊通公路有限公司	RMB90,980,000	50% #	Construction and management of National Highway 206 Jieyang - Fengshun Highway in Jieyang, PRC
Liuan Road Universe Liuye Highway Development Co., Ltd. 六安路宇六葉公路開發有限公司	RMB97,800,000	50% #	Construction and management of Liuan-Yeji Highway (Western Section), PRC
Liuan Road Universe Pihe Bridge Development Co., Ltd. 六安路宇淝河大橋開發有限公司	RMB90,364,000	50% #	Construction and management of Pihe Bridge, PRC
Luodingshi Luocong Highway Company Limited 羅定市羅沖一級公路有限公司	RMB96,800,000	61% * #	Construction and management of National Highway 324 Luoding-Chonghua Highway in Luoding, PRC
Pingdingshan Road King Xuchang-Nanyang Highway (Xiangcheng Section) Development Co., Ltd. 平頂山路勁許南公路(襄城段)開發有限公司	RMB73,400,000	50% #	Investment in and development, operation and management of National Highway 311 & Provincial Highway 01 Xuchang-Nanyang Highway, Xiangcheng Section in Henan, PRC
Pingdingshan Road King Xuchang-Nanyang Highway (Yexian Section) Development Co., Ltd. 平頂山路勁許南公路(葉縣段)開發有限公司	RMB63,400,000	50% #	Investment in and development, operation and management of Provincial Highway 01 Xuchang-Nanyang Highway, Yexian Section in Henan, PRC

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20. Interests in Joint Ventures (Continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Shanxi Lutong Dongguan Highway Co., Ltd. 山西路通東觀公路有限公司	RMB82,340,000	65% * #	Investment in and development, operation and management of National Highway 108 Yuci Dongchangshou-Qixian Dongguan Highway in Shanxi, PRC
Shanxi Lutong Taigu Highway Co., Ltd. 山西路通太古公路有限公司	RMB90,480,000	60% * #	Construction and management of Provincial Highway 104 Taiyuan Ximing-Gujiao Highway in Shanxi, PRC
Shanxi Lutong Taiyu Highway Co., Ltd. 山西路通太榆公路有限公司	RMB83,414,000	65% * #	Construction and management of National Highway 108 Taiyuan-Yuci Highway in Shanxi, PRC
Shanxi Lutong Xiaodian Fenhe Highway Bridge Co., Ltd. 山西路通小店汾河公路橋有限公司	RMB32,650,000	25% #	Construction and management of Provincial Highway Huanggu Route Xiaodian Fenhe Bridge in Shanxi, PRC
Shanxi Lutong Yuci Highway Co., Ltd. 山西路通榆次公路有限公司	RMB66,410,000	65% * #	Construction and management of National Highway 108 Yuci City Bypass in Shanxi, PRC

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20. Interests in Joint Ventures (Continued)

Name of infrastructure joint venture	Registered capital	Proportion of registered capital held indirectly by the Company	Principal activities
Shenzhen Airport - Heao Expressway (Eastern Section) Co., Ltd. 深圳機荷高速公路東段有限公司	RMB440,000,000	45%	Construction and management of Shenzhen Airport-Heao Expressway Eastern Section in Shenzhen, PRC
Shijiazhuang Luhui Road & Bridge Development Co., Ltd. 石家莊路輝道橋開發有限公司	RMB88,000,000	60% * #	Construction and management of National Highway 307, Shijiazhuang-Gaocheng Highway in Hebei, PRC
Shijiazhuang Luxin Road & Bridge Development Co., Ltd. 石家莊路信道橋開發有限公司	RMB44,000,000	60% * #	Construction and management of National Highway 307, Gaocheng-Jinzhou Highway in Hebei, PRC
Suzhou Road King Shanghai-Suzhou Airport Road Development Co., Ltd. 蘇州路勁蘇滬機場路發展有限公司	RMB130,000,000	50%	Construction and management of Suzhou-Shanghai Airport Highway in Suzhou, PRC
Wujin Road King Changcao Highway Development Co., Ltd. 武進路勁常漕公路開發有限公司	RMB100,000,000	60.24%*	Construction and management of Provincial Highway 211 Changzhou-Caoqiao Highway in Changzhou, PRC

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20. Interests in Joint Ventures (Continued)

In addition to the above, the Group has a 51% interest in 無錫中加西洋參天然補品有限公司 Wuxi Zhongjia Phytopharmaceuticals Co., Ltd. which is established in the PRC and engaged in processing and distribution of ginseng products.

- * The Group does not have effective control over these companies, and accordingly, these companies have not been accounted for as subsidiaries.
- # The profit/cash sharing ratios in these infrastructure joint ventures differ from the proportion of the registered capital held by the Group over the duration of the joint ventures. During the early stage of the joint ventures, the Group usually entitles to higher profit/cash sharing ratios than the proportion of registered capital held by the Group as contained in the relevant joint venture agreements. Until such time as specified in the joint venture agreements, the other venturers of the joint ventures may entitle to profit/cash sharing ratios higher than their respective proportion of registered capital held by them over a specific period of time under the joint venture agreements. Thereafter, the profit sharing ratios of the Group may be the same as the proportion of the registered capital held by the Group or in accordance with a predetermined ratio stipulated in the joint venture agreements.

The summary of aggregate financial information of the infrastructure joint ventures, based on the adjusted financial statements prepared under the accounting principles generally accepted in Hong Kong for the year ended 31 December 2000, is as follows:

	2000 HK\$'000	1999 HK\$'000
Income statement		
Net toll revenue	943,593	853,010
Depreciation charges	242,668	228,372
Profit before taxation	426,452	434,526
Group's share of profits less losses	404,260	370,679
	2000 HK\$'000	1999 HK\$'000
Balance sheet		
Property, plant and equipment	8,633,901	8,230,084
Other assets	1,671	290,401
Current assets	401,370	266,072
Current liabilities	(352,130)	(172,656)
Net current assets	49,240	93,416
Amounts due to joint venture partners	(4,205,255)	(4,515,589)
Net assets	4,479,557	4,098,312

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For the Year ended 31 December 2000

21. Net Borrowing Costs Capitalised on Financing the Infrastructure Joint Ventures' Toll Highways and Expressways Construction

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
GROSS AMOUNT		
At beginning of the year	153,896	161,937
Released on disposal of an infrastructure joint venture	-	(8,041)
At end of the year	153,896	153,896
AMORTISATION		
At beginning of the year	14,128	9,079
Charge for the year	6,360	6,535
Released on disposal of an infrastructure joint venture	-	(1,486)
At end of the year	20,488	14,128
CARRYING AMOUNT		
At end of the year	133,408	139,768

22. Investments in Securities

	THE GROUP	
	2000	1999
	HK\$'000	HK\$'000
Non-current investments		
Held-to-maturity debt securities, unlisted	52,387	52,387

23. Debtors – Due after One Year

The amounts comprise minimum income undertakings guaranteed by the PRC joint venture partners of HK\$72,298,000 (1999: HK\$65,751,000) and HK\$110,513,000 (1999: HK\$71,933,000) due in 2002 and 2004 respectively in accordance with the terms of the relevant joint venture agreements.

24. Charged Deposits

THE GROUP

The amounts have been deposited in several designated banks maintained in accordance with the terms and conditions of the Group's long term loans. These bank balances are charged in favour of the agents of the loans and the deposits made will be applied towards the payment of interest and principal of the loans, the manner of which is contained in the relevant loan agreements.

At 31 December 2000, bank balances approximately of HK\$176,287,000 (1999: HK\$237,746,000) are classified under current assets because the balances are pledged as security for repayment of interest and principal of the loans due within one year.

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For the Year ended 31 December 2000

24. Charged Deposits (Continued)

THE COMPANY

The amount has been deposited in several designated banks maintained in accordance with the terms and conditions of the Group's long term loans. These bank balances are charged in favour of the agents of the loans and the deposits made will be applied towards the payment of interest and principal of the loans, the manner of which is contained in the relevant loan agreements.

At 31 December 2000, bank balances approximately of HK\$127,262,000 (1999: HK\$186,282,000) are classified under current assets because the balances are pledged as security for repayment of interest and principal of the loans due within one year.

25. Inventories and Ginseng Crops

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Inventories	59,840	–
Ginseng crops	109,799	–
	169,639	–

Ginseng plants reach maturity and normally can be harvested at the end of their third year of growth. However, the Group may allow crops to mature longer to allow for higher yields and additional seed harvests.

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26. Debtors, Deposits and Prepayments

Included in debtors, deposits and prepayments of the Group is an amount of HK\$229,164,000 (1999: HK\$140,236,000) representing minimum income undertakings due from the PRC joint venture partners.

Minimum income undertakings, which have been recognised and received in accordance with the terms set out in the relevant joint venture agreements, are contractually payable on annually or semi-annually basis.

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Aged analysis of debtors		
Within 60 days	57,817	46,799
60 - 90 days	723	–
More than 90 days	175,581	93,437
	234,121	140,236
Interest receivable	24,693	30,061
Deposits and prepayments	49,777	13,358
	308,591	183,655

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For the Year ended 31 December 2000

27. Share Capital

	2000 Number of shares	1999 Number of shares	2000 HK\$'000	1999 HK\$'000
Authorised:				
Ordinary shares of HK\$0.1 each	20,000,000,000	20,000,000,000	2,000,000	2,000,000
7.5% convertible preference shares ("CP Shares") of HK\$0.1 each	518,000	518,000	52	52
Issued and fully paid:				
At beginning of the year	526,303,967	539,952,967	52,630	53,995
Shares repurchased and cancelled	(19,629,000)	(13,649,000)	(1,963)	(1,365)
At end of the year	506,674,967	526,303,967	50,667	52,630

During the year, the Company repurchased its own ordinary shares on the Stock Exchange as follows:

Financial Statements	Month of repurchase	Number of ordinary shares of HK\$0.1 each	Price per share		Aggregate consideration paid HK\$'000
			Highest HK\$	Lowest HK\$	
	January 2000	1,161,000	5.000	4.000	4,889
	February 2000	6,198,000	4.150	3.600	24,277
	March 2000	4,188,000	4.525	4.075	18,243
	April 2000	3,330,000	4.275	3.750	13,180
	May 2000	3,657,000	3.850	3.275	13,522
	June 2000	1,095,000	4.000	3.400	4,082
		19,629,000			78,193

Notes to the Financial Statements

For the Year ended 31 December 2000

27. Share Capital (Continued)

These repurchased shares were cancelled upon repurchase and accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium payable on repurchase was paid out of the Company's share premium account.

The CP Shares carry equal rights and rank pari passu with one another and each CP Share has the rights set out below:

The holders of the CP Shares are entitled to a fixed cumulative cash dividend payable in priority to holders of any other class of shares in the capital of the Company in Hong Kong dollars at the rate of 7.5% per annum on the principal amount of HK\$518,380,000.

All outstanding CP Shares shall be converted into ordinary shares in the period between the second and the fifth anniversaries of the issue date, and the Company will cause to be allotted and issue to each holder as with be equal to the aggregate of the principal amounts of such outstanding CP Shares held by the relevant holder divided by the initial conversion price of HK\$8.56, subject to adjustment.

The holders of the CP Shares are not entitled to vote at general meetings of the Company save in the event that the Company fails to pay the dividend on the CP Shares for two consecutive years, in which case a holder will be entitled to receive notice of and vote at general meetings of the Company.

Share option scheme

Pursuant to the Company's Share Option Scheme for employees adopted on 3 June 1996, the directors may, at their discretion, invite employees of the Company and its subsidiaries, including any executive directors or non-executive directors, to take up options to subscribe for shares which in aggregate, may not exceed 10% of the issued share capital of the Company from time to time. The subscription price for the shares in respect of which options are granted will be the higher of the nominal value of a share or 80% of the average closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the grant of any option. The Scheme will remain in force for a period of ten years from the date of its adoption. An option may be exercised at any time one year after the date upon which the option is deemed to be granted and accepted and prior to the expiry of three years from that date. During the year, 11,965,000 share options were granted for an aggregate consideration of HK\$60.

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For the Year ended 31 December 2000

27. Share Capital (Continued)

A summary of the movement during the year in share options granted is as follows:

Name	Capacity	Exercise price HK\$	Number of share options			
			Balance at 1.1.2000	Granted during the year	Expired/ cancelled during the year	Balance at 31.12.2000
Zen Wei Pao, William	Director	6.00	770,000	–	(770,000)	–
		5.60	719,000	–	–	719,000
		4.95	550,000	–	–	550,000
		3.20	–	2,900,000	–	2,900,000
Ko Yuk Bing	Director	6.00	630,000	–	(630,000)	–
		5.60	719,000	–	–	719,000
		4.95	500,000	–	–	500,000
		3.20	–	2,600,000	–	2,600,000
Chui Chi Keung, Raymond	Director	3.20	–	200,000	–	200,000
Zen Wei Peu, Derek	Director	6.00	350,000	–	(350,000)	–
		5.60	539,000	–	–	539,000
		4.95	250,000	–	–	250,000
		3.20	–	1,500,000	–	1,500,000
Fong Shiu Leung, Keter	Director	3.20	–	320,000	–	320,000
Brian Souter	Director	4.95	100,000	–	–	100,000
		3.20	–	190,000	–	190,000
Keith Robertson Cochrane	Director	4.95	100,000	–	–	100,000
		3.20	–	190,000	–	190,000
Law Hung Kuen, Janson	Director	4.95	100,000	–	–	100,000
		3.20	–	190,000	–	190,000
Chan Hing Chiu, Vincent	Director	5.60	143,000	–	–	143,000
		4.95	100,000	–	–	100,000
		3.20	–	320,000	–	320,000
Chow Shiu Kee, Stephen	Director	5.60	143,000	–	–	143,000
		4.95	100,000	–	–	100,000
		3.20	–	320,000	–	320,000
Lee Kam Hung, Alan	Former director	6.00	420,000	–	(420,000)	–
		5.60	143,000	–	(143,000)	–
		4.95	350,000	–	(350,000)	–
Nip Yun Wing, Horace	Former director	6.00	350,000	–	(350,000)	–
		5.60	539,000	–	(539,000)	–
		4.95	250,000	–	(250,000)	–
Chow Kai Chiu, David	Former director	3.20	–	190,000	(190,000)	–
Others	Employee	6.00	759,000	–	(759,000)	–
		5.60	190,000	–	(20,000)	170,000
		5.14	444,000	–	(25,000)	419,000
		4.95	760,000	–	(70,000)	690,000
		3.20	–	3,045,000	(20,000)	3,025,000
			10,018,000	11,965,000	(4,886,000)	17,097,000

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