

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2000

17. INVESTMENTS IN INFRASTRUCTURE AND SYNDICATED PROPERTY PROJECTS (Cont'd)

(a) Infrastructure projects (Cont'd)

Particulars of the investee companies engaging in infrastructure project investments at 31 December 2000, all of which are established and are operating in the PRC, are as follows:

Name of company	Registered capital US\$'000	Amount contributed by the Group US\$'000	Operating period	Principal activities
Guilin COLI Communication Development Ltd.	23,530	7,500	18 years from 19 December 1997	Operation and management of toll highways
Guilin COLI Infrastructure Investment Ltd.	23,530	7,500	18 years from 19 December 1997	Operation and management of toll highways
Liuzhou COLI Infrastructure Investment Ltd.	29,940	12,500	18 years from 18 July 1997	Operation and management of toll bridges
Liuzhou COLI Road Investment Ltd.	29,940	12,500	18 years from 18 July 1997	Operation and management of toll highways and bridges
Nanning COLI Infrastructure Investment Ltd.	29,450	18,180	16 years from 24 December 1996	Operation and management of toll bridges
Nanning Shachuan Bridge Investment Ltd.	29,620	18,180	16 years from 24 December 1996	Operation and management of toll bridges
Nanning Xixiangtang Road Investment Ltd.	29,740	18,180	16 years from 24 December 1996	Operation and management of toll highways
Wuzhou COLI Construction Ltd.	26,750	7,500	18 years from 1 September 1997	Generation and sale of electricity
Wuzhou COLI Electricity Power Ltd.	24,450	7,500	18 years from 1 September 1997	Generation and sale of electricity
Wuzhou COLI Electricity Transition Ltd.	26,530	7,500	18 years from 1 September 1997	Generation and sale of electricity
Wuzhou COLI Hydroelectric Power Ltd.	29,390	7,500	18 years from 1 September 1997	Generation and sale of electricity



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2000

17. INVESTMENTS IN INFRASTRUCTURE AND SYNDICATED PROPERTY PROJECTS (Cont'd)

(b) Syndicated property projects

Each of the syndicated property project is undertaken by a company incorporated solely for that purpose. The shareholders of each of the project companies are obliged to provide fundings to the project company in accordance with their percentage shareholdings therein. Any profits or losses of the project companies are to be shared by the shareholders in accordance with their respective shareholdings.

The amounts due from the syndicated property project companies are unsecured and, to the extent of HK\$37,057,000 (1999: HK\$538,622,000), carry interest based on prime rate plus a specified margin and the remaining balance is interest free. These amounts to the extent of HK\$836 million (1999: HK\$779 million) have been subordinated to the bank loans granted to the project companies.

Particulars of the principal project companies at 31 December 2000, all of which are incorporated and operating in Hong Kong unless otherwise indicated, are as follows:

Name of company	Attributable equity interests held by the Group %	Principal activities
Benefit Bright Limited	10	Property development
Direct Profit Development Limited	8	Property development
Dramstar Company Limited	12	Property development
Harvest Sun Limited	10	Property development
Moricrown Ltd. (i)	7	Property development
Victory World Limited	10	Property development

(i) Incorporated in the British Virgin Islands

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FOR THE YEAR ENDED 31 DECEMBER 2000

18. OTHER INVESTMENTS

	GROUP	
	2000 HK\$'000	1999 HK\$'000
Listed equity securities at market value		
Non-current assets		
listed in Hong Kong	<u>121,502</u>	<u>145,802</u>
Current assets		
listed in Hong Kong	<u>9,262</u>	<u>1,508</u>
listed in the PRC	<u>230</u>	<u>107</u>
	<u>9,492</u>	<u>1,615</u>
	<u>130,994</u>	<u>147,417</u>

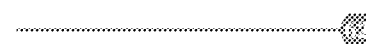
Included in other investments is the Group's 21.56% interest in the issued share capital of Ryoden, a public company incorporated in Bermuda whose shares are listed on The Stock Exchange of Hong Kong Limited. Ryoden is principally engaged in investment holding, property investment and development, property agency, project management and property finance. Prior to 1998, Ryoden was classified as an associate of the Group. Since the resignation of the Group's representatives as executive directors of Ryoden in 1998, Ryoden has been classified as other investment as the Group is no longer in a position to exercise any significant influence over Ryoden.

19. INSTALMENTS RECEIVABLE

	GROUP	
	2000 HK\$'000	1999 HK\$'000
Instalments receivable from property purchasers	29,182	36,121
Less: Amount due within one year included in trade and other receivables under current assets	<u>(11,114)</u>	<u>(1,560)</u>
	<u>18,068</u>	<u>34,561</u>

20. INVENTORIES

	GROUP	
	2000 HK\$'000	1999 HK\$'000
Building materials	<u>3,415</u>	<u>2,846</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2000

21. PROPERTIES FOR SALE

	GROUP		COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Properties for sale				
Completed	4,662,271	1,422,216	1,869	2,058
Under development	918,386	5,067,773	–	–
	<u>5,580,657</u>	<u>6,489,989</u>	<u>1,869</u>	<u>2,058</u>

Included above are properties of HK\$2,947,681,000 (1999: HK\$3,915,394,000) which are carried at net realisable value.

22. TRADE AND OTHER RECEIVABLES

Except for revenue from property sales and infrastructure project investments which are payable in accordance with the terms of the relevant agreements, generally the Group allows a credit period of not exceeding 60 days to its customers.

The following is an analysis of trade and other receivables at the balance sheet date:

	GROUP		COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Receivables, aged				
0-30 days	570,394	293,796	5,508	–
31-90 days	108,932	132,102	–	–
Over 90 days	265,887	188,878	–	26,151
Retentions receivable	203,066	118,908	–	–
	<u>1,148,279</u>	<u>733,684</u>	<u>5,508</u>	<u>26,151</u>

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2000

23. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

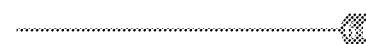
	GROUP	
	2000	1999
	HK\$'000	HK\$'000
Contract work in progress at the balance sheet date:		
Contract costs incurred	2,917,238	1,712,615
Recognised profits less losses	175,338	(35,161)
	<u>3,092,576</u>	<u>1,677,454</u>
Progress billings received and receivable	(3,069,648)	(1,726,621)
	<u>22,928</u>	<u>(49,167)</u>
Represented by:		
Due from customers included in current assets	135,040	54,954
Due to customers included in current liabilities	(112,112)	(104,121)
	<u>22,928</u>	<u>(49,167)</u>

At 31 December 2000, retentions held by customers for contract work amounted to approximately HK\$203,066,000 (1999: HK\$118,908,000) which have been included in trade and other receivables under current assets.

24. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables at the balance sheet date:

	GROUP		COMPANY	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Payables, aged				
0-30 days	779,954	780,423	14,589	18,574
31-90 days	51,625	32,853	-	-
Over 90 days	142,998	55,438	-	-
Retentions payable	210,543	150,586	-	-
	<u>1,185,120</u>	<u>1,019,300</u>	<u>14,589</u>	<u>18,574</u>



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2000

25. SHARE CAPITAL

	GROUP AND COMPANY			
	2000		1999	
	Number of shares '000	Nominal value HK\$'000	Number of shares '000	Nominal value HK\$'000
Ordinary shares of HK\$0.1 each				
Authorised	<u>10,000,000</u>	<u>1,000,000</u>	<u>10,000,000</u>	<u>1,000,000</u>
Issued and fully paid:				
At beginning of the year	5,428,654	542,865	5,426,854	542,685
Issued during the year	<u>8,750</u>	<u>875</u>	<u>1,800</u>	<u>180</u>
At end of the year	<u>5,437,404</u>	<u>543,740</u>	<u>5,428,654</u>	<u>542,865</u>

Share options

The share option scheme adopted by the Company, which became effective on 31 July 1992, provides that the directors of the Company may, at their discretion, grant to any employees, including executive directors of the Company or any of its subsidiaries, options, at nominal consideration, to subscribe for shares in the Company in accordance with the terms of the scheme.

During the year, the Company granted, at nominal consideration, share options to subscribe for a total of 89,750,000 shares in the Company at a subscription price of HK\$0.58 per share. Movements during the year in the options granted are as follows:

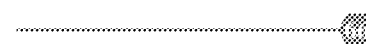
Date of grant	Exercisable period	Subscription price per share HK\$	Outstanding at 1 January 2000	Number of shares under options			Outstanding at 31 December 2000
				Granted during the year	Exercised during the year	Cancelled during the year	
17 July 1997	17 July 1998 – 16 July 2007	4.06	74,220,000	–	–	(3,510,000)	70,710,000
14 February 1998	14 February 1999 – 13 February 2008	1.08	183,100,000	–	(750,000)	(5,600,000)	176,750,000
30 September 1998	30 September 1999 – 29 September 2008	0.52	86,250,000	–	(8,000,000)	(1,800,000)	76,450,000
4 January 2000	4 January 2001 – 3 January 2010	0.58	–	89,750,000	–	(7,100,000)	82,650,000

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2000

26. RESERVES

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investment property revaluation reserve HK\$'000	Other property revaluation reserve HK\$'000	Exchange equalisation reserve HK\$'000	Capital reserve (goodwill) on consolidation HK\$'000	Retained profits HK\$'000	Total HK\$'000
GROUP								
At 1 January 1999	5,168,829	884	507,242	430,855	(45,277)	(298,531)	2,186,819	7,950,821
Exchange differences on translation of financial statements	-	-	-	-	7,785	-	-	7,785
Premium on issue of shares less expenses	694	-	-	-	-	-	-	694
Share of associates' reserve movements	-	-	(511)	-	66	-	-	(445)
Decrease on revaluation of properties, less minority interests	-	-	(137,012)	-	-	-	-	(137,012)
Realised on disposal of properties	-	-	(267)	(10,519)	-	-	10,519	(267)
Realised when properties were used and depreciated	-	-	-	(6,760)	-	-	6,760	-
Loss for the year	-	-	-	-	-	-	(471,829)	(471,829)
At 31 December 1999	5,169,523	884	369,452	413,576	(37,426)	(298,531)	1,732,269	7,349,747
Exchange differences on translation of financial statements	-	-	-	-	(5,374)	-	-	(5,374)
Premium on issue of shares less expenses	4,090	-	-	-	-	-	-	4,090
Share of associates' reserve movements	-	-	(2,993)	-	(793)	-	-	(3,786)
Increase on revaluation of properties, less minority interests	-	-	7,799	-	-	-	-	7,799
Realised on disposal of properties	-	-	(631)	(323)	-	-	323	(631)
Realised when properties were used and depreciated	-	-	-	(7,572)	-	-	7,572	-
Acquisition of associates	-	-	-	-	-	(11,557)	-	(11,557)
Profit for the year	-	-	-	-	-	-	268,072	268,072
Dividends	-	-	-	-	-	-	(217,462)	(217,462)
At 31 December 2000	5,173,613	884	373,627	405,681	(43,593)	(310,088)	1,790,774	7,390,898
COMPANY								
At 1 January 1999	5,168,829	884	-	2,446	-	-	1,539,946	6,712,105
Premium on issue of shares less expenses	694	-	-	-	-	-	-	694
Loss for the year	-	-	-	-	-	-	(348,058)	(348,058)
At 31 December 1999	5,169,523	884	-	2,446	-	-	1,191,888	6,364,741
Premium on issue of shares less expenses	4,090	-	-	-	-	-	-	4,090
Profit for the year	-	-	-	-	-	-	10,901	10,901
Dividends	-	-	-	-	-	-	(217,462)	(217,462)
At 31 December 2000	5,173,613	884	-	2,446	-	-	985,327	6,162,270



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2000

26. RESERVES (Cont'd)

The Group's share of post-acquisition reserves of the associates included in the Group's reserves shown above is analysed below:

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Investment property revaluation reserve HK\$'000	Other property revaluation reserve HK\$'000	Exchange equalisation reserve HK\$'000	Capital reserve (goodwill) on consolidation HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 1999	-	-	103,677	-	914	-	238,132	342,723
Share of investment property revaluation reserve	-	-	(511)	-	-	-	-	(511)
Exchange differences on translation of financial statements of associates	-	-	-	-	66	-	-	66
Profit for the year	-	-	-	-	-	-	29,606	29,606
Dividends	-	-	-	-	-	-	(167,640)	(167,640)
At 31 December 1999	-	-	103,166	-	980	-	100,098	204,244
Share of investment property revaluation reserve	-	-	(2,993)	-	-	-	-	(2,993)
Exchange differences on translation of financial statements of associates	-	-	-	-	(793)	-	-	(793)
Loss for the year	-	-	-	-	-	-	(3,060)	(3,060)
Dividends	-	-	-	-	-	-	(16,800)	(16,800)
At 31 December 2000	-	-	100,173	-	187	-	80,238	180,598

The Company's reserves available for distribution to shareholders at 31 December 2000 comprised the retained profits of HK\$985,327,000 (1999: HK\$1,191,888,000).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2000

27. LONG-TERM BORROWINGS

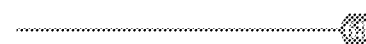
	GROUP		COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Secured bank loans repayable:				
Within one year	2,265,870	1,896,214	–	–
More than one year, but not exceeding two years	–	840,000	–	–
	<u>2,265,870</u>	<u>2,736,214</u>	<u>–</u>	<u>–</u>
Unsecured bank loans repayable:				
Within one year	242,152	1,103,340	214,115	1,103,340
More than one year, but not exceeding two years	1,560,397	203,596	1,261,332	194,250
More than two years, but not exceeding five years	–	46,620	–	46,620
	<u>1,802,549</u>	<u>1,353,556</u>	<u>1,475,447</u>	<u>1,344,210</u>
	<u>4,068,419</u>	<u>4,089,770</u>	<u>1,475,447</u>	<u>1,344,210</u>
Less: Portion due within one year included in current liabilities	<u>(2,508,022)</u>	<u>(2,999,554)</u>	<u>(214,115)</u>	<u>(1,103,340)</u>
	<u><u>1,560,397</u></u>	<u><u>1,090,216</u></u>	<u><u>1,261,332</u></u>	<u><u>240,870</u></u>

All the above borrowings carry interest at commercial lending rates.

28. AMOUNTS DUE TO MINORITY SHAREHOLDERS

The minority shareholders of certain subsidiaries have provided unsecured advances to these subsidiaries amounting to approximately HK\$1,267,357,000 (1999: HK\$1,265,169,000), of which approximately HK\$82,206,000 (1999: HK\$82,206,000) carries interest at commercial rates and the balance is interest free. Such advances have no fixed repayment terms but are not expected to be repayable within one year from the balance sheet date.

These advances have been reduced by the net liabilities of the subsidiaries attributable to the minority shareholders of approximately HK\$799,538,000 (1999: HK\$579,287,000)



NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2000

29. DEFERRED TAXATION

At the balance sheet date, the major components of deferred tax liabilities (assets) provided for are as follows:

	GROUP	
	2000 HK\$'000	1999 HK\$'000
Tax effect of timing differences because of:		
Excess of tax allowances over depreciation charges	327	2,258
Unutilised tax losses	—	(456)
	<u>327</u>	<u>1,802</u>

Movements during the year were as follows:

	GROUP	
	2000 HK\$'000	1999 HK\$'000
Balance at 1 January	1,802	4,343
Credit for the year	(1,475)	(2,541)
Balance at 31 December	<u>327</u>	<u>1,802</u>

At the balance sheet date, the major components of unprovided deferred tax assets are as follows:

	GROUP	
	2000 HK\$'000	1999 HK\$'000
Tax effect of timing differences because of:		
Excess of tax allowances over depreciation charges	20,914	19,178
Unutilised tax losses	(460,225)	(336,759)
Other timing differences	(1,893)	(11,985)
	<u>(441,204)</u>	<u>(329,566)</u>

A deferred tax asset has not been recognised in the financial statements in respect of tax losses available to offset future profits as it is not certain that the losses will be utilised in the foreseeable future.

