

NOTES TO THE ACCOUNTS

4 FINANCE COSTS

	Group	
	2000	1999
	HK\$'000	HK\$'000
Interest on bank loans and overdraft	245,506	247,679
Interest element of finance leases	131	656
Premium on redemption of convertible bonds	5,803	–
Other interests on		
– amounts due to minority shareholders of subsidiaries	10,378	19,497
– loan from a shareholder	13,117	18,105
– loan from a related company	3,655	5,523
– convertible bonds	17,156	6,727
– other loans wholly repayable within five years	3,265	2,297
Total borrowing costs incurred	299,011	300,484
Less: Amount capitalised to properties under development and production facilities under construction	(26,478)	(46,791)
	272,533	253,693

5 TAXATION

Hong Kong profits tax has been provided at the rate of 16 per cent (1999: 16 per cent) on the estimated assessable profits for the year. Taxation on overseas taxable profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

NOTES TO THE ACCOUNTS

5 TAXATION (cont'd)

The amount of taxation charged to the consolidated profit and loss account represents:

	Group	
	2000 HK\$'000	1999 HK\$'000
Hong Kong profits tax		
Current	14,166	10,792
Overprovision in prior years	(73)	(3,680)
	<u>14,093</u>	<u>7,112</u>
Overseas taxation		
Current	53,562	50,847
Transferred to deferred taxation account (note 26(a))	2,440	3,431
	<u>56,002</u>	<u>54,278</u>
Share of taxation attributable to overseas Associated companies	14,228	24,162
	<u>84,323</u>	<u>85,552</u>
Deferred taxation for the year has not been provided in respect of the following:		
Accelerated depreciation allowance	422	742
Other timing differences	2,260	(8,923)
Tax losses	(3,077)	(78)
	<u>(395)</u>	<u>(8,259)</u>

6 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$17,354,000 (1999: HK\$10,037,000).

7 DIVIDEND

The Company has not declared any dividend for the years ended 31st December 2000 and 1999.

NOTES TO THE ACCOUNTS

8 EARNINGS PER SHARE

The calculation of basic and fully diluted earnings per share is based on the Group's profit attributable to shareholders of HK\$111,554,000 (1999: HK\$18,826,000);

The calculation of basic earnings per share is based on the weighted average of 3,936,567,892 (1999: 3,619,850,539) ordinary shares in issue during the year. The fully diluted earnings per share is based on 3,976,687,142 (1999: 3,647,466,520) ordinary shares which is the weighted average number of ordinary shares in issue during the year plus the weighted average of 40,119,250 (1999: 27,615,981) ordinary shares deemed to be issued at no consideration if all outstanding options had been exercised.

The exercise of outstanding convertible bonds of the Company would have an anti-dilutive effect on the basic earnings per share and accordingly, they have not been taken into account for the purpose of calculation of the diluted earnings per share.

9 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

- (a) The aggregate amounts of the Directors' emoluments disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance are as follows:

	Group	
	2000 HK\$'000	1999 HK\$'000
Fees	114	114
Basis salaries, housing allowances, other allowances and benefits in kind	13,698	14,893
Discretionary bonuses	5,558	4,037
Directors' pension	365	347
Compensation for loss of office as director	-	-
	<u>19,735</u>	<u>19,391</u>

Directors' fees represent amounts paid to independent non-executive directors.

In addition, under the share option scheme of GZI Transport Limited ("GZI Transport"), a subsidiary of the Company, certain directors have been granted during the year options to acquire 4,300,000 shares in GZI Transport at an exercise price of HK\$0.752 per share. The options are exercisable from 7th April 2001 to the business day preceding 7th April 2006. The closing market price of GZI Transport's shares as at 31st December 2000 was HK\$1.17.

During the year, none of the Directors had exercised any option.

NOTES TO THE ACCOUNTS

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

- (b) The number of directors of the Company whose emoluments fell within the following bands are as follows. The emoluments represent the amounts paid to or receivable by the directors of the Company in the respective financial years and are stated before the benefits derived or to be derived from the share options granted under the Company's share option scheme.

Emoluments band	Number of directors	
	2000	1999
HK\$ Nil – HK\$1,000,000	*8	*9
HK\$1,000,001 – HK\$1,500,000	1	1
HK\$1,500,001 – HK\$2,000,000	–	–
HK\$2,000,001 – HK\$2,500,000	3	3
HK\$2,500,001 – HK\$3,000,000	1	–
HK\$3,000,001 – HK\$3,500,000	–	1
HK\$3,500,001 – HK\$4,000,000	1	1

* Included three independent non-executive directors.

No directors waived emoluments in respect of the years ended 31st December 1999 and 2000.

- (c) The five highest paid individuals are also directors of the Company and the details of their remunerations have already been disclosed above.

NOTES TO THE ACCOUNTS

10 FIXED ASSETS

(a) Group

	Investment properties HK\$'000	Other properties HK\$'000	Toll highways HK\$'000	Production facilities under construction HK\$'000	Plant and machinery and tools HK\$'000	Leasehold improvements, furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation								
At 1st January 2000	1,197,056	1,102,484	2,776,034	563,890	1,688,145	133,902	114,446	7,575,957
Acquisition of subsidiaries	-	-	-	-	-	4,068	817	4,885
Additions	-	16,314	-	295,133	3,917	7,144	2,884	325,392
Transfer from properties held for sale/properties under development	42,144	-	-	-	-	-	-	42,144
Adjustment on revaluation	60,850	-	-	-	-	-	-	60,850
Reclassification due to transfer from/(to) different categories of assets	15,931	63,071	-	(620,000)	534,660	4,723	1,615	-
Disposals	(68,076)	(15,178)	-	(12,853)	(18,355)	(7,962)	(9,310)	(131,734)
Disposal of a subsidiary	-	-	-	-	-	(1,915)	-	(1,915)
At 31st December 2000	<u>1,247,905</u>	<u>1,166,691</u>	<u>2,776,034</u>	<u>226,170</u>	<u>2,208,367</u>	<u>139,960</u>	<u>110,452</u>	<u>7,875,579</u>
Accumulated depreciation								
At 1st January 2000	-	181,036	126,036	-	363,420	69,050	60,166	799,708
Charge for the year	-	36,184	56,256	-	139,901	18,577	12,194	263,112
Acquisition of subsidiaries	-	-	-	-	-	702	102	804
Reclassification due to transfer from/(to) different categories of assets	1,464	(1,464)	-	-	-	149	(149)	-
Adjustment on revaluation	(1,464)	-	-	-	-	-	-	(1,464)
Disposals	-	(4,750)	-	-	(9,743)	(3,262)	(7,357)	(25,112)
Disposal of a subsidiary	-	-	-	-	-	(1,859)	-	(1,859)
At 31st December 2000	<u>-</u>	<u>211,006</u>	<u>182,292</u>	<u>-</u>	<u>493,578</u>	<u>83,357</u>	<u>64,956</u>	<u>1,035,189</u>
Net book value								
At 31st December 2000	<u>1,247,905</u>	<u>955,685</u>	<u>2,593,742</u>	<u>226,170</u>	<u>1,714,789</u>	<u>56,603</u>	<u>45,496</u>	<u>6,840,390</u>
At 31st December 1999	<u>1,197,056</u>	<u>921,448</u>	<u>2,649,998</u>	<u>563,890</u>	<u>1,324,725</u>	<u>64,852</u>	<u>54,280</u>	<u>6,776,249</u>
The analysis of the cost or valuation at 31st December 2000 of the above assets is as follows:								
At cost	-	1,166,691	2,776,034	226,170	2,208,367	139,960	110,452	6,627,674
At 2000 professional valuation	<u>1,247,905</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,247,905</u>
	<u>1,247,905</u>	<u>1,166,691</u>	<u>2,776,034</u>	<u>226,170</u>	<u>2,208,367</u>	<u>139,960</u>	<u>110,452</u>	<u>7,875,579</u>
The analysis of the cost or valuation at 31st December 1999 of the above assets is as follows:								
At cost	-	1,102,484	2,776,034	563,890	1,688,145	133,902	114,446	6,378,901
At 1999 professional valuation	<u>1,197,056</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,197,056</u>
	<u>1,197,056</u>	<u>1,102,484</u>	<u>2,776,034</u>	<u>563,890</u>	<u>1,688,145</u>	<u>133,902</u>	<u>114,446</u>	<u>7,575,957</u>

NOTES TO THE ACCOUNTS

10 FIXED ASSETS (cont'd)

(b) Company

	Investment properties HK\$'000	Leasehold improvements, furniture, fixtures and office equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost or valuation				
At 1st January 2000	28,298	7,383	5,966	41,647
Additions	–	380	–	380
	<u>28,298</u>	<u>7,763</u>	<u>5,966</u>	<u>42,027</u>
At 31st December 2000	28,298	7,763	5,966	42,027
Accumulated depreciation				
At 1st January 2000	–	5,836	3,973	9,809
Charge for the year	–	673	885	1,558
	<u>–</u>	<u>6,509</u>	<u>4,858</u>	<u>11,367</u>
At 31st December 2000	–	6,509	4,858	11,367
Net book value				
At 31st December 2000	28,298	1,254	1,108	30,660
At 31st December 1999	28,298	1,547	1,993	31,838

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

At cost	–	7,763	5,966	13,729
At 2000 professional valuation	28,298	–	–	28,298
	<u>28,298</u>	<u>7,763</u>	<u>5,966</u>	<u>42,027</u>

The analysis of the cost or valuation at 31st December 1999 of the above assets is as follows:

At cost	–	7,383	5,966	13,349
At 1999 professional valuation	28,298	–	–	28,298
	<u>28,298</u>	<u>7,383</u>	<u>5,966</u>	<u>41,647</u>

NOTES TO THE ACCOUNTS

10 FIXED ASSETS (cont'd)

- (c) The Group's and the Company's interests in investment properties and other properties at their net book values are analysed as follows:

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
In Hong Kong, held on:				
Leases of over 50 years	192,098	194,733	28,298	28,298
Leases of between 10 to 50 years	997,513	1,052,662	-	-
Outside Hong Kong, held on:				
Leases of over 50 years	1,013,979	871,109	-	-
	<u>2,203,590</u>	<u>2,118,504</u>	<u>28,298</u>	<u>28,298</u>

- (d) The investment properties of the Group were revalued by independent professional firm of values, RHL International Property Consultants - Francis Lau & Co., (Surveyors) Limited, Greater China Appraisal Limited and Allied Appraisals Consultants PTE Limited, on an open market value basis as at 31st December 2000.
- (e) Production facilities under construction include borrowing costs capitalised during the year of HK\$783,000 (1999: HK\$23,503,000).
- (f) As at 31st December 2000, the net book values of fixed assets held under finance leases by the Group and the Company amounted to HK\$1,107,000 (1999: HK\$4,620,000 and HK\$1,519,000 for the Group and the Company respectively).

11 INVESTMENTS IN SUBSIDIARIES

		Company	
	Note	2000 HK\$'000	1999 HK\$'000
Investments at cost:			
Unlisted shares		36,676	36,676
Shares listed in Hong Kong		769	769
Shares listed outside Hong Kong		-	21,185
		<u>37,445</u>	<u>58,630</u>
Due from subsidiaries	(a)	6,150,077	5,943,966
		<u>6,187,522</u>	<u>6,002,596</u>
Market value of listed shares:			
- Listed in Hong Kong		461	469
- Listed outside Hong Kong		-	16,164

NOTES TO THE ACCOUNTS

11 INVESTMENTS IN SUBSIDIARIES (cont'd)

- (a) The amounts due from subsidiaries are unsecured, interest bearing and have no fixed terms of repayments except for a portion of approximately HK\$4,251 million (1999: approximately HK\$3,727 million) which are interest free.
- (b) Details of principal subsidiaries of the Company as at 31st December 2000 are set out on pages 78 to 90.

12 INVESTMENTS IN ASSOCIATED COMPANIES

		Group	
	Note	2000 HK\$'000	1999 HK\$'000
Share of net assets other than goodwill		1,652,612	1,698,051
Due from associated companies	(a) & (b)	274,942	144,432
Due to associated companies	(a)	(193,920)	(169,913)
		<u>1,733,634</u>	<u>1,672,570</u>

- (a) The amounts due from/(to) associated companies are unsecured, interest free and have no fixed terms of repayment.
- (b) As at 31st December 2000, the amount due from an associated company of approximately HK\$13 million (1999: approximately HK\$13 million) had been subordinated to the repayment of a bank loan granted to the associated company.
- (c) Details of the principal associated companies of the Group as at 31st December 2000 are set out on pages 90 and 91.

13 INVESTMENTS IN JOINTLY CONTROLLED ENTITIES

		Group	
	Note	2000 HK\$'000	1999 HK\$'000
Share of net assets other than goodwill		947,629	816,660
Due from jointly controlled entities	(a)	193,639	191,385
		<u>1,141,268</u>	<u>1,008,045</u>

- (a) The amounts due from jointly controlled entities are unsecured, interest free and have no fixed terms of repayment.
- (b) Details of the principal jointly controlled entities of the Group as at 31st December 2000 are set out on pages 91 and 92.

NOTES TO THE ACCOUNTS

14 INVESTMENT SECURITIES AND OTHER INVESTMENTS

		Group	
	Note	2000 HK\$'000	1999 HK\$'000
Investment securities, unlisted		42,482	45,583
Other investments in joint venture	(a)	330,843	392,023
Less: Amortisation		(34,269)	(25,451)
		<u>296,574</u>	<u>366,572</u>
		<u>339,056</u>	<u>412,155</u>

- (a) These represent the Group's investments in co-operative joint ventures established in China and are engaged in the development and management of highways and the development of estate properties. Pursuant to the joint venture agreements, the Group is entitled to fixed returns from these investments over the joint venture period. At the end of the joint venture period, all remaining right and interest in one of the joint ventures will be surrendered to the other joint venture partner.

15 PROPERTIES UNDER DEVELOPMENT

As at 31st December 2000, the title of certain properties under development amounting to HK\$2,493,835,000 (1999: HK\$3,301,390,000) are held in the name of a minority shareholder. In pursuant to the relevant joint venture agreements and undertakings by the minority shareholder, the minority shareholder has effected the transferral of the title of the properties under development to the Group, pending the completion of relevant legal and registration procedures.

16 PROPERTIES HELD FOR SALE

As at 31st December 2000, the title of certain properties held for sale amounting to HK\$323,857,000 (1999: HK\$247,567,000) are held in the name of a minority shareholder under the same arrangement as referred in note 15 to the accounts.

NOTES TO THE ACCOUNTS

17 INTERESTS IN PROPERTY DEVELOPMENT PROJECTS

These represent the Group's participation in property development projects in Hong Kong, China and overseas through various agreements with unrelated parties. The Group does not participate in the control of the projects but is committed to contribute its share of development costs of the projects and is entitled to returns stipulated in the agreements.

18 INVENTORIES

	Group	
	2000	1999
	HK\$'000	HK\$'000
Raw materials	194,620	176,297
Work in progress	9,830	13,179
Finished goods	46,320	26,867
	<u>250,770</u>	<u>216,343</u>

At 31st December 2000 and 1999, no inventories were stated at net realisable value.

19 ACCOUNTS RECEIVABLE, PREPAYMENT AND DEPOSITS

The Group has defined credit policies for different business segments and markets. At 31st December 2000, the ageing analysis of the trade receivables were as follows:

	2000	1999
	HK\$'000	HK\$'000
Less than 30 days	298,723	266,541
31-90 days	201,323	188,565
Over 91 days	162,665	145,210
	<u>662,711</u>	<u>600,316</u>

20 BANK DEPOSITS AND CASH AND BANK BALANCES

Included in the bank deposits and cash and bank balances of the Group and the Company are deposits placed with banks in China of approximately HK\$811 million (1999: HK\$1,022 million) and HK\$217 million (1999: HK\$225 million) respectively.