

NOTES TO THE ACCOUNTS

29 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Group					
	Share capital (including share premium) HK\$'000	Convertible bonds HK\$'000	Bank and other loans HK\$'000	Loan from a shareholder, related companies and loans from minority shareholders of subsidiaries HK\$'000	Obligations under finance leases HK\$'000	Amounts due to associated companies and jointly controlled entities HK\$'000
At 1st January 1999	5,028,860	95,000	3,600,421	1,813,997	4,793	80,298
Issue of ordinary shares, net of expenses	219,090	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	47,800	-	-
Transfer from minority interests	-	-	-	69,381	-	-
Inception of finance lease contracts	-	-	-	-	1,443	-
Issue of convertible bonds	-	249,450	-	-	-	-
Net cash inflow/(outflow) from financing	-	-	(124,791)	(62,099)	(1,935)	89,615
At 31st December 1999	<u>5,247,950</u>	<u>344,450</u>	<u>3,475,630</u>	<u>1,869,079</u>	<u>4,301</u>	<u>169,913</u>

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At 1st January 2000	5,247,950	344,450	3,475,630	1,869,079	4,301	169,913
Issue of ordinary shares, net of expenses	535	-	-	-	-	-
Acquisition of subsidiaries	-	-	-	15,517	-	-
Issue of convertible bonds	-	237,023	-	-	-	-
Net cash inflow/(outflow) from financing	-	-	(307,807)	170,842	(3,284)	24,007
At 31st December 2000	<u>5,248,485</u>	<u>581,473</u>	<u>3,167,823</u>	<u>2,055,438</u>	<u>1,017</u>	<u>193,920</u>

NOTES TO THE ACCOUNTS

30 ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS

	Group	
	2000	1999
	HK\$'000	HK\$'000
Cash and bank balances	1,113,347	1,275,881
Bank overdrafts	(18,284)	(17,696)
	<u>1,095,063</u>	<u>1,258,185</u>

31 (a) PURCHASE OF SUBSIDIARIES

	Group	
	2000	1999
	HK\$'000	HK\$'000
Net assets acquired		
Fixed assets	4,081	196,262
Inventories	404	-
Accounts receivable, prepayments and deposits	10,318	78
Cash and bank balances	29,432	-
Accounts payable and accrued charges	(4,616)	-
Taxation	(436)	-
Due to former shareholder	(9,923)	-
Due to minority shareholders of subsidiaries	(7,473)	-
Loan from minority shareholders of subsidiaries	-	(47,800)
Minority interests	(33,399)	11,947
	<u>(11,612)</u>	<u>160,487</u>
Acquisition of loan owed by the subsidiary	9,923	-
Goodwill written off	238,721	7,737
	<u>237,032</u>	<u>168,224</u>
Satisfied by:		
Issue of convertible bonds	237,023	-
Cash	9	168,224
	<u>237,032</u>	<u>168,224</u>

Subsidiaries acquired during the year made no significant contribution to the Group in respect of the cash flows, turnover, contribution to the consolidated profit after tax and before minority interests for last year.

NOTES TO THE ACCOUNTS

31 (a) PURCHASE OF SUBSIDIARIES (cont'd)

Analysis of net inflow/(outflow) of cash and cash equivalents in respect of the purchase of subsidiaries

	Group	
	2000	1999
	HK\$'000	HK\$'000
Cash consideration	(9)	(168,224)
Cash and bank balances of acquired subsidiaries	29,432	-
Net inflow/(outflow) of cash and cash equivalents in respect of the purchase of subsidiaries	<u>29,423</u>	<u>(168,224)</u>

(b) DISPOSAL OF A SUBSIDIARY

	2000	1999
	HK\$'000	HK\$'000
Net asset disposed:		
Fixed assets	56	-
Cash and bank	24,754	-
Accounts receivable	403	-
Accounts payable	(105)	-
Minority interest	(11,716)	-
	<u>13,392</u>	<u>-</u>
Gain on disposal of a subsidiary	8,602	-
	<u>21,994</u>	<u>-</u>
Sales consideration	<u>21,994</u>	<u>-</u>

Analysis of the net outflow in respect of the disposal of a subsidiary:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Cash consideration	21,994	-
Cash and bank balances of a subsidiary disposed	(24,754)	-
Net outflow of cash and cash equivalents in respect of disposal of a subsidiary	<u>(2,760)</u>	<u>-</u>

NOTES TO THE ACCOUNTS

32 LEASE COMMITMENTS

As at 31st December 2000, the Group had commitments under operating leases in respect of land and buildings to make payments in the few next years as follows:

	Group	
	2000	1999
	HK\$'000	HK\$'000
Operating leases expiring		
- within one year	5,011	1,808
- in the second to fifth years inclusive	66,836	23,150
- after five years	150	-
	<u>71,997</u>	<u>24,958</u>

33 OTHER COMMITMENTS

As at 31st December 2000, the Group had the following commitments:

	Group	
	2000	1999
	HK\$'000	HK\$'000
(a) Capital commitments in respect of purchase of fixed assets including toll road and properties under development:-		
Contracted but not provided for	1,312,850	1,542,633
Authorised but not contracted for	21,169	293,355
	<u>1,334,019</u>	<u>1,835,988</u>
(b) Financial commitments in respect of investments in associated companies and joint ventures:-		
Contracted but not provided for (note (i))	336,551	466,715
Authorised but not contracted for	76,161	205,000
	<u>412,712</u>	<u>671,715</u>
(i) On 8th December 2000, the Group entered into an agreement with a subsidiary of Yue Xiu to acquire the remaining 49 per cent interest in Xian-Lintong Expressway at a total consideration of HK\$173,000,000. The acquisition was completed on 15th February 2001.		
(c) Share of capital commitments of jointly controlled entities contracted but not provided for	<u>379,478</u>	<u>475,001</u>

NOTES TO THE ACCOUNTS

34 CONTINGENT LIABILITIES

As at 31st December 2000, the Group and the Company had contingent liabilities not provided for as follows:

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
(a) Guarantees for banking and loan facilities granted to				
- subsidiaries	-	-	933,894	1,006,663
- jointly controlled entities	1,050,171	1,050,171	96,900	96,900
	<u>1,050,171</u>	<u>1,050,171</u>	<u>1,030,794</u>	<u>1,103,563</u>

- (b) At 31st December 2000 and 1999, the Group charged the income derived from its 24.3 per cent effective interest in an associated company to a bank in favour of one of the shareholders of that associated company, (the "Shareholder") in respect of the Shareholder's repayment of bank loan amounted to Rmb500 million (approximately HK\$467 million) and interest thereon (collectively referred to as "Relevant Loan").

A counter-indemnity has been provided by the Shareholder to the Group against all liabilities arising from such charge. In addition, Yue Xiu has issued an indemnity to the Group under which any shortfall to the bank will be satisfied/paid by Yue Xiu if the counter-indemnity given by the Shareholder to the Group is insufficient to cover the Relevant Loan.

35 PLEDGE OF ASSETS

At 31st December 2000 certain banking facilities and loans granted to the Group and the Company were secured by the following:

- (a) Mortgages on the Group's properties under development, fixed assets and investment properties with an aggregate carrying value of HK\$394 million (1999: HK\$363 million), HK\$477 million (1999: HK\$524 million) and HK\$1,352 million (1999: HK\$1,404 million) respectively; and
- (b) Fixed deposits of the Group amounting to HK\$217 million (1999: HK\$225 million).

NOTES TO THE ACCOUNTS

36 RELATED PARTY TRANSACTIONS

In addition to the related party transactions disclosed in notes 33(b)(i) and 34(b) to the accounts, other significant related party transactions, which carried out in the normal course of the Group's business are as follows:-

	2000 HK\$'000	1999 HK\$'000
(a) Loan interest paid to		
- a shareholder	13,117	18,106
- related companies (note)	3,655	5,523
- minority shareholders of subsidiaries	1,902	19,107
Rental expenses paid to a shareholder	1,296	1,295
Management fee to a minority shareholder of a subsidiary	6,350	8,680
Interest received from minority shareholders of subsidiaries	3,655	460
Sales to minority shareholders of subsidiaries	-	5,669

Note: The related companies are under common control as the Company.

(b) Fixed cost services agreements were entered into between Guangzhou Highways Development Company ("GHDC"), a minority shareholder, and certain subsidiaries engaging in the operation of toll highways in China, whereby GHDC carries out the day-to-day routine operational and maintenance services of these subsidiaries including the collection of toll charges and repairs and maintenance in return for a management fee at the fixed rate of 18 per cent of the gross aggregate toll revenue of each of the toll highways per annum. Management fee paid and payable to GHDC during the year amounted to HK\$60,813,000 (1999: HK\$59,336,000).

(c) Pursuant to an agreement entered into between the Company and Yue Xiu dated 30th May 2000, the Company issued convertible bonds of approximately HK\$237,023,000 (as mentioned in note 27(a)) to Yue Xiu as consideration for the acquisition of a group of subsidiaries.

37 APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 23rd April 2001.

GROUP STRUCTURE

31st December 2000

PRINCIPAL SUBSIDIARIES

As at 31st December 2000, the Company held shares/interests in the following principal subsidiaries:

Name of subsidiary	Place of incorporation/ establishment	Issued/registered share capital and paid up capital	Effective percentage of equity held by the Company		Nature of business
			Direct	Indirect	
* APT Parking Limited	Hong Kong	Ordinary HK\$10,000	-	70	Car parking management
* Beexiu Industrial (Shenzhen) Co., Ltd.	The People's Republic of China	HK\$7,000,000	-	51	Property development
Better Wealth Development Limited	Hong Kong	Ordinary HK\$2	-	100	Property development
Bright Rise Investment Limited	Hong Kong	Ordinary HK\$10,000	-	51	Investment holding
Centre Full Enterprises Limited	Hong Kong	Ordinary HK\$2	-	70	Investment holding
Century Cement Trading Company Limited	Hong Kong	Ordinary HK\$5,000	-	70	Trading of cement
Charm Smart Development Limited	Hong Kong	Ordinary HK\$2	-	100	Property development
Charcon Development Limited	Hong Kong	Ordinary HK\$10,000	-	51	Investment holding
# China Century Cement Limited	Bermuda	Ordinary US\$26,290	-	70	Investment holding
#* China Century Cement International Limited	Bermuda	Ordinary US\$12,000	100	-	Investment holding
China Information Technology Industry Co., Limited	Hong Kong	Ordinary HK\$3,000	-	46.7	Provision of information technology services and products

GROUP STRUCTURE

31st December 2000

PRINCIPAL SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation/ establishment	Issued/registered share capital and paid up capital	Effective percentage of equity held by the Company		Nature of business
			Direct	Indirect	
China Information Technology Industry Co., Ltd.	The People's Republic of China	Rmb20,000,000	-	42	Provision of information technology services and products
* Companhia de Fomento Predial Yue Xiu (Macau), Limitada	Macau	MOP200,000	-	100	Property development
* Companhia de Gestao Imobiliaria Hang Sao, Limitada	Macau	MOP100,000	-	100	Property management
Crown Smart Investment Limited	Hong Kong	Ordinary HK\$2	-	100	Property development
* Dalian Perfect Base Property Development Co., Ltd.	The People's Republic of China	US\$7,500,000	-	51	Property development
#* Denney Investments Limited	British Virgin Islands	Ordinary US\$50,000	-	51	Investment holding
Easy Excel Development Limited	Hong Kong	Ordinary HK\$2	-	100	Investment holding
Elsburg Limited	Hong Kong	Ordinary HK\$10,000	-	100	Property investment
Eternal Fine International Limited	Hong Kong	Ordinary HK\$10,000	-	51	Investment holding
#* Everfaith Investment Limited	British Virgin Islands	Ordinary US\$1	100	-	Investment holding
Ever Famous International Limited	Hong Kong	Ordinary HK\$10,000	-	51	Investment holding
#* First-Win Group Limited	British Virgin Islands	Ordinary US\$1	-	51	Investment holding

GROUP STRUCTURE

31st December 2000

PRINCIPAL SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation/ establishment	Issued/registered share capital and paid up capital	Effective percentage of equity held by the Company		Nature of business
			Direct	Indirect	
Forward Mark Limited	Hong Kong	Ordinary HK\$1,000	-	36.91	Investment holding
Front Riches Limited	Hong Kong	Ordinary HK\$10,000	-	100	Property investment
Fullyworld Investments Limited	Hong Kong	Ordinary HK\$10,000	-	36.91	Investment holding
Fundscore Development Limited	Hong Kong	Ordinary HK\$500,000	-	100	Property Investment
Glow Bright Investment Limited	Hong Kong	Ordinary HK\$2	-	51	Investment holding
#* Goldtech Worldwide Limited	British Virgin Islands	Ordinary US\$1	-	51	Investment holding
Grand System Development Limited	Hong Kong	Ordinary HK\$10,000	-	51	Investment holding
* Guangdong Yuequn Concrete Company Limited	The People's Republic of China	US\$1,330,000	-	63	Manufacture and sale of concrete
* Guangdong Yuesheng Concrete Co., Ltd.	The People's Republic of China	US\$1,494,000	-	63	Manufacture and sale of concrete
* Guangzhou Bright Growth City Real Estates Co. Ltd.	The People's Republic of China	Rmb96,350,000	-	40.8	Property development
* Guangzhou Carry Win City Real Estates Co., Ltd.	The People's Republic of China	Rmb99,600,000	-	40.8	Property development
* Guangzhou Cement Factory	The People's Republic of China	Rmb114,240,000	-	49	Manufacture and sale of cement

GROUP STRUCTURE

31st December 2000

PRINCIPAL SUBSIDIARIES (cont'd)

Name of subsidiary	Place of incorporation/ establishment	Issued/registered share capital and paid up capital	Effective percentage of equity held by the Company		Nature of business
			Direct	Indirect	
* Guangzhou Central Funds City Real Estates Co. Ltd.	The People's Republic of China	Rmb70,020,000	-	40.8	Property development
* Guangzhou Charcon Real Estate Company Limited	The People's Republic of China	HK\$259,670,000	-	51	Property development
* Guangzhou Charho Real Estate Company Limited	The People's Republic of China	US\$5,000,000	-	51	Property development
* Guangzhou Charmlink City Real Estates Co., Ltd.	The People's Republic of China	Rmb55,550,000	-	40.8	Property development
* Guangzhou Cowan City Real Estates Co., Ltd.	The People's Republic of China	Rmb99,600,000	-	40.8	Property development
* Guangzhou Eastern Growth City Real Estates Co., Ltd.	The People's Republic of China	Rmb41,500,000	-	40.8	Property development
* Guangzhou Faithbond City Real Estates Co., Ltd.	The People's Republic of China	Rmb48,900,000	-	40.8	Property development
* Guangzhou Faithlink City Real Estates Co., Ltd.	The People's Republic of China	Rmb99,140,000	-	40.8	Property development
* Guangzhou Five Rams Cement Company Limited	The People's Republic of China	Rmb101,760,000	-	49	Manufacture and sale of slurry for the production of clinker