

12. FIXED ASSETS

Group

| | Leasehold land and buildings HK\$'000 | Investment properties HK\$'000 | Leasehold improvements HK\$'000 | Plant and machinery HK\$'000 | Other fixed assets HK\$'000 | Total HK\$'000 |
|--------------------------|--|--------------------------------------|---------------------------------------|------------------------------------|-----------------------------------|-------------------|
| Cost or valuation | | | | | | |
| At 31st December 1999 | 389,295 | – | 36,486 | 587,914 | 144,971 | 1,158,666 |
| Additions | 205 | – | 301 | 18,604 | 12,626 | 31,736 |
| Disposals | – | – | (527) | (3,604) | (3,735) | (7,866) |
| Reclassification | (53,000) | 53,000 | – | – | – | – |
| Revaluation | – | (9,000) | – | – | – | (9,000) |
| At 31st December 2000 | 336,500 | 44,000 | 36,260 | 602,914 | 153,862 | 1,173,536 |
| Accumulated depreciation | | | | | | |
| At 31st December 1999 | 22,516 | – | 18,030 | 242,813 | 88,832 | 372,191 |
| Charge for the year | 7,098 | – | 2,174 | 51,500 | 17,940 | 78,712 |
| Additional provision | – | – | – | 18,840 | – | 18,840 |
| Disposals | – | – | (150) | (3,110) | (1,269) | (4,529) |
| Reclassification | (2,964) | 2,964 | – | – | – | – |
| Revaluation | – | (2,964) | – | – | – | (2,964) |
| At 31st December 2000 | 26,650 | – | 20,054 | 310,043 | 105,503 | 462,250 |
| Net book value | | | | | | |
| At 31st December 2000 | 309,850 | 44,000 | 16,206 | 292,871 | 48,359 | 711,286 |
| At 31st December 1999 | 366,779 | – | 18,456 | 345,101 | 56,139 | 786,475 |

- (a) Leasehold land and buildings are stated at cost or valuation less depreciation as detailed in note 13. Investment properties held under medium term lease in Hong Kong were valued at 31st December 2000 on an open market value basis by CB Richard Ellis Limited, independent professional valuers.
- (b) Land and buildings and plant and machinery with net book values of HK\$247,981,000 (1999: HK\$253,320,000) and HK\$124,998,000 (1999: HK\$137,405,000) respectively were pledged to secure banking facilities.
- (c) Other fixed assets comprise barges, furniture and equipment and motor vehicles.
- (d) The aggregate net book values of assets held under finance leases at 31st December 2000 were HK\$359,000 (1999: HK\$666,000).
- (e) Apart from the properties mentioned under (a) above, all other assets are carried at cost.

13. LEASEHOLD LAND AND BUILDINGS

Leasehold land and buildings are held under medium term leases as follows:

| | Group | | 2000 HK\$'000 | 1999 HK\$'000 |
|--------------------------------|-----------------------|----------------------------------|------------------|------------------|
| | Hong Kong HK\$'000 | Outside Hong Kong HK\$'000 | | |
| At cost | 296,935 | 11,565 | 308,500 | 361,295 |
| At professional valuation 1990 | 28,000 | – | 28,000 | 28,000 |
| | <u>324,935</u> | <u>11,565</u> | <u>336,500</u> | <u>389,295</u> |

Certain land and buildings in Hong Kong were revalued as at 31st March 1990 on an open market basis by Jones Lang LaSalle, independent professional valuers. Subsequent revaluations of this property are not required to be made in accordance with paragraph 72 of Hong Kong Statement of Standard Accounting Practice 17 – Property, Plant and Equipment. Had this property been carried at cost, its carrying amount would have been HK\$578,000 (1999: HK\$590,000).

14. SUBSIDIARIES

| | Company | |
|-----------------------------------|-------------------------|-------------------------|
| | 2000 HK\$'000 | 1999 HK\$'000 |
| Unlisted shares, at cost | 1 | 1 |
| Amounts payable | (711,054) | (277,260) |
| Amounts receivable | <u>1,485,452</u> | <u>1,088,772</u> |
| | <u>774,399</u> | <u>811,513</u> |
| Loans receivable | <u>300,556</u> | <u>429,097</u> |
| Loans payable | <u>–</u> | <u>(152,000)</u> |
| | <u>1,074,955</u> | <u>1,088,610</u> |
| Provision for diminution in value | <u>(16,392)</u> | <u>(16,392)</u> |
| | <u><u>1,058,563</u></u> | <u><u>1,072,218</u></u> |

The amounts receivable and payable are unsecured, interest free and have no fixed terms of repayment. Loans receivable and payable are unsecured, carry interest at prevailing market interest rate and have no fixed terms of repayment.

Details of the subsidiaries which, in the opinion of the directors, materially affect the results or net assets of the Group are given in note 33 (a).

15. JOINTLY CONTROLLED ENTITIES

| | Group | |
|---------------------|----------------|----------------|
| | 2000 | 1999 |
| | HK\$'000 | HK\$'000 |
| Share of net assets | 91,079 | 94,910 |
| Amounts receivable | 85,707 | 85,714 |
| | <u>176,786</u> | <u>180,624</u> |

The amounts receivable are unsecured, interest free and have no fixed terms of repayment.

Details of jointly controlled entities which, in the opinion of the directors, materially affect the results or net assets of the Group are given in note 33 (b).

16. ASSOCIATED COMPANIES

| | Group | |
|---------------------|---------------|---------------|
| | 2000 | 1999 |
| | HK\$'000 | HK\$'000 |
| Share of net assets | 71,012 | 19,935 |
| Amounts receivable | 9,858 | — |
| | <u>80,870</u> | <u>19,935</u> |

The amounts receivable are unsecured, interest free and have no fixed terms of repayment.

Details of associated companies which, in the opinion of the directors, materially affect the results or net assets of the Group are given in note 33 (c).

17. OTHER NON-CURRENT ASSETS

| | 2000 HK\$'000 | Group 1999 HK\$'000 |
|--|------------------|---------------------------|
| Deferred expenditure | | |
| Overburden removal costs | 69,301 | 38,811 |
| Quarry site development | 7,460 | 11,852 |
| Pre-operating costs and others | — | 16,240 |
| | <u>76,761</u> | <u>66,903</u> |
| Deferred receivable (note a) | 12,351 | 7,750 |
| Long-term investments, unlisted and at cost (note b) | 9,672 | — |
| | <u>98,784</u> | <u>74,653</u> |

- (a) Deferred receivable represents advances made to various contractors for the delivery of concrete to customers. The advances are secured by the vehicles operated by the contractors, carry interest at prevailing market rate and are repayable by monthly instalments up to 2006. The current portion of the receivable is included under other receivable.
- (b) Unlisted investments include advances to the investee companies under the various shareholders' agreements amounting to HK\$6,200,000 (1999: nil). The directors consider that the fair values of these investments approximate to their aggregate costs as at the balance sheet date.

18. INVENTORIES

| | 2000 HK\$'000 | Group 1999 HK\$'000 |
|---------------------------|------------------|---------------------------|
| Aggregates and sand | 12,964 | 12,089 |
| Concrete pipes and blocks | 6,704 | 9,372 |
| Cement | 8,159 | 6,106 |
| Spare parts | 24,380 | 22,927 |
| Consumables | 3,365 | 2,952 |
| | <u>55,572</u> | <u>53,446</u> |

At 31st December 2000, the carrying amounts of inventories stated at net realisable value amounted to HK\$1,880,000 (1999: HK\$2,444,000).

19. TRADE DEBTORS, OTHER RECEIVABLE AND PREPAYMENTS

| | Group | | Company | |
|------------------|----------------|----------------|--------------|--------------|
| | 2000 | 1999 | 2000 | 1999 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Trade debtors | 269,560 | 268,103 | — | — |
| Other receivable | 52,730 | 27,453 | — | — |
| Prepayments | 59,148 | 45,942 | 8,831 | 8,859 |
| | <u>381,438</u> | <u>341,498</u> | <u>8,831</u> | <u>8,859</u> |

The Group has established credit policies which follow local industry standard. The Group normally allows an approved credit period ranging from 30 to 60 days for customers in Hong Kong and 120 to 180 days for customers in Mainland China. These are subject to periodic review by management.

The aging analysis of the Group's trade debtors based on the dates of the invoices and net of provision for bad and doubtful debts is as follows:

| | 2000 | 1999 |
|---------------------|----------------|----------------|
| | HK\$'000 | HK\$'000 |
| Within one month | 114,375 | 117,706 |
| Two to three months | 97,913 | 71,469 |
| Four to six months | 23,468 | 19,794 |
| Over six months | 33,804 | 59,134 |
| | <u>269,560</u> | <u>268,103</u> |

20. OTHER INVESTMENTS

| | Group | | Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2000 | 1999 | 2000 | 1999 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Floating rate notes, at cost (note a) | 280,000 | 280,000 | 280,000 | 280,000 |
| Listed outside HK, at market value | — | 10,175 | — | 10,175 |
| Unlisted, at cost | — | 22,783 | — | — |
| | <u>280,000</u> | <u>312,958</u> | <u>280,000</u> | <u>290,175</u> |

- (a) The floating rate notes were issued by the Company's ultimate holding company and carry interest at 4.5% per annum above six-month HIBOR. The notes are fully redeemable on 23rd September 2002. The Company is entitled to transfer the notes after 23rd March 2000 with the approval of the Board of Directors of the ultimate holding company.

21. CREDITORS AND ACCRUALS

| | Group | | Company | |
|----------------------------|----------------|----------------|--------------|--------------|
| | 2000 | 1999 | 2000 | 1999 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Trade creditors | 96,736 | 117,058 | — | — |
| Other creditors | 56,878 | 35,339 | — | — |
| Accrued operating expenses | 134,210 | 137,915 | 3,085 | 5,025 |
| Deposits received | 8,992 | 10,053 | — | — |
| | <u>296,816</u> | <u>300,365</u> | <u>3,085</u> | <u>5,025</u> |

At 31st December 2000, the aging analysis of the Group's trade creditors based on the dates of the invoices is as follows:

| | Group | |
|---------------------|---------------|----------------|
| | 2000 | 1999 |
| | HK\$'000 | HK\$'000 |
| Within one month | 43,703 | 40,678 |
| Two to three months | 28,979 | 31,337 |
| Four to six months | 14,800 | 13,737 |
| Over six months | 9,254 | 31,306 |
| | <u>96,736</u> | <u>117,058</u> |

22. SHARE CAPITAL

| | 2000 | | 1999 | |
|---|-------------------------------------|----------------|-------------------------------------|----------------|
| | Ordinary Shares of HK\$0.10 each | HK\$'000 | Ordinary Shares of HK\$0.10 each | HK\$'000 |
| Authorised: | | | | |
| At beginning of year | 2,888,000,000 | 288,800 | 1,888,000,000 | 188,800 |
| Increase in authorised ordinary share capital | — | — | 1,000,000,000 | 100,000 |
| At end of year | <u>2,888,000,000</u> | <u>288,800</u> | <u>2,888,000,000</u> | <u>288,800</u> |
| Issued and fully paid: | | | | |
| At beginning of year | 1,070,841,458 | 107,084 | 1,070,101,458 | 107,010 |
| Exercise of share options | 60,000 | 6 | 740,000 | 74 |
| Issued as scrip dividends | 80,755,209 | 8,076 | — | — |
| At end of year | <u>1,151,656,667</u> | <u>115,166</u> | <u>1,070,841,458</u> | <u>107,084</u> |

23. SHARE OPTION SCHEME

The Company operates a share option scheme under which options to subscribe for ordinary shares in the Company are granted to selected executives. During the year, no new options were granted and options for 60,000 shares (1999: 740,000 shares) were exercised. At 31st December 2000, outstanding options granted under the scheme are as follows:

| Exercisable period | Option price per share HK\$ | Number of shares |
|--|-----------------------------------|---------------------|
| 20th May 1999 to 19th May 2008 | 0.5333 | 13,162,000 |
| 30th December 2000 to 29th December 2009 | 0.5216 | 26,332,000 |
| | | <hr/> |
| | | 39,494,000 |
| | | <hr/> |

24. RESERVES

Group

| | (Goodwill)/ capital reserve on consolidation <i>HK\$'000</i> | Share premium <i>HK\$'000</i> | Land and buildings revaluation reserve <i>HK\$'000</i> | Capital redemption reserve <i>HK\$'000</i> | Revenue reserves <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|--|-------------------------------------|--|---|--|--------------------------|
| At 31st December 1999 | (136) | 562,133 | 27,363 | 70 | 394,079 | 983,509 |
| Changes in exchange rates | – | – | – | – | 736 | 736 |
| Acquisition of additional interest in a subsidiary | 4,395 | – | – | – | – | 4,395 |
| Premium on shares issued | – | 26 | – | – | – | 26 |
| Share issued as scrip dividends | – | (8,076) | – | – | 42,866 | 34,790 |
| Profit for the year | – | – | – | – | 166,276 | 166,276 |
| Dividends | – | – | – | – | (74,156) | (74,156) |
| At 31st December 2000 | 4,259 | 554,083 | 27,363 | 70 | 529,801 | 1,115,576 |
| Company and subsidiaries | 4,259 | 554,083 | 27,363 | 70 | 564,564 | 1,150,339 |
| Jointly controlled entities | – | – | – | – | (33,597) | (33,597) |
| Associated companies | – | – | – | – | (1,166) | (1,166) |
| | 4,259 | 554,083 | 27,363 | 70 | 529,801 | 1,115,576 |
| At 31st March 1999 | 305 | 561,842 | 27,363 | 70 | 315,584 | 905,164 |
| Changes in exchange rates | – | – | – | – | (268) | (268) |
| Acquisition of additional interest in a subsidiary | (441) | – | – | – | – | (441) |
| Premium on shares issued | – | 291 | – | – | – | 291 |
| Profit for the period | – | – | – | – | 143,465 | 143,465 |
| Dividends | – | – | – | – | (64,702) | (64,702) |
| At 31st December 1999 | (136) | 562,133 | 27,363 | 70 | 394,079 | 983,509 |
| Company and subsidiaries | (136) | 562,133 | 27,363 | 70 | 419,962 | 1,009,392 |
| Jointly controlled entities | – | – | – | – | (29,766) | (29,766) |
| Associated companies | – | – | – | – | 3,883 | 3,883 |
| | (136) | 562,133 | 27,363 | 70 | 394,079 | 983,509 |

24. RESERVES (Cont'd)

Company

| | Share premium <i>HK\$'000</i> | Capital reserve <i>HK\$'000</i> | Capital redemption reserve <i>HK\$'000</i> | Revenue reserves <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---------------------------------|-------------------------------------|---------------------------------------|---|--|--------------------------|
| At 31st December 1999 | 562,133 | 235,239 | 70 | 295,113 | 1,092,555 |
| Share issued as scrip dividends | (8,076) | – | – | 42,866 | 34,790 |
| Premium on shares issued | 26 | – | – | – | 26 |
| Profit for the year | – | – | – | 130,649 | 130,649 |
| Dividends | – | – | – | (74,156) | (74,156) |
| At 31st December 2000 | <u>554,083</u> | <u>235,239</u> | <u>70</u> | <u>394,472</u> | <u>1,183,864</u> |
| At 31st March 1999 | 561,842 | 235,239 | 70 | 280,112 | 1,077,263 |
| Premium on shares issued | 291 | – | – | – | 291 |
| Profit for the period | – | – | – | 79,703 | 79,703 |
| Dividends | – | – | – | (64,702) | (64,702) |
| At 31st December 1999 | <u>562,133</u> | <u>235,239</u> | <u>70</u> | <u>295,113</u> | <u>1,092,555</u> |

At 31st December 2000, reserves of the Company available for distribution to shareholders amount to HK\$394,472,000 (1999: HK\$295,113,000).

25. LONG TERM LIABILITIES

| | Group | | Company | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2000 <i>HK\$'000</i> | 1999 <i>HK\$'000</i> | 2000 <i>HK\$'000</i> | 1999 <i>HK\$'000</i> |
| Bank loans | | | | |
| – secured | 154,000 | 245,833 | 87,500 | 145,833 |
| – unsecured | 58,750 | 60,000 | 58,750 | 60,000 |
| Obligations under finance leases wholly payable within 5 years | 2,112 | 3,561 | – | – |
| | <u>214,862</u> | <u>309,394</u> | <u>146,250</u> | <u>205,833</u> |
| Current portion included in current liabilities | (128,299) | (113,285) | (93,333) | (78,333) |
| | <u>86,563</u> | <u>196,109</u> | <u>52,917</u> | <u>127,500</u> |

25. LONG TERM LIABILITIES (Cont'd)

(a) The bank loans are payable within the following periods:

| | Group | | Company | |
|------------------------|----------------|----------------|----------------|----------------|
| | 2000 | 1999 | 2000 | 1999 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Within one year | 126,833 | 111,833 | 93,333 | 78,333 |
| In second year | 85,917 | 111,833 | 52,917 | 78,333 |
| In third to fifth year | — | 82,167 | — | 49,167 |
| | <u>212,750</u> | <u>305,833</u> | <u>146,250</u> | <u>205,833</u> |

(b) Obligations under finance leases are payable within the following periods:

| | Group | |
|------------------------|--------------|--------------|
| | 2000 | 1999 |
| | HK\$'000 | HK\$'000 |
| Within one year | 1,466 | 1,452 |
| In second year | 646 | 1,464 |
| In third to fifth year | — | 645 |
| | <u>2,112</u> | <u>3,561</u> |

26. DEFERRED TAXATION

| | Group | |
|---|---------------|---------------|
| | 2000 | 1999 |
| | HK\$'000 | HK\$'000 |
| At beginning of year | 18,805 | 18,035 |
| Transfer from profit and loss statement (note 8) | 1,541 | 770 |
| | <u>20,346</u> | <u>18,805</u> |
| At end of year | <u>20,346</u> | <u>18,805</u> |
| Provided in the financial statements in respect of: | | |
| Accelerated depreciation allowances | 41,306 | 37,700 |
| Other timing differences | (20,960) | (18,895) |
| | <u>20,346</u> | <u>18,805</u> |

The revaluation surplus or deficit arising from the revaluation of the Group's land and buildings and investment property does not constitute timing differences for Hong Kong profits tax purposes because they are held for the long-term and any gains or losses would not be subject to Hong Kong profits tax.

There are no other material unprovided deferred taxation at the balance sheet date.