

Notes to the Financial Statements

For the Year ended 31st December, 2000

15. Property, plant and equipment (continued)

- (c) The properties under construction are situated in the PRC and held under medium-term land use right.
- (d) At 31st December, 2000, included in net book value of construction in progress is interest capitalised of HK\$37,946,000 (1999: HK\$9,945,000).

	Land and buildings HK\$'000	Furniture and fixtures HK\$'000	Machinery and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
THE COMPANY					
COST					
At 1st January, 2000	7,246	4,226	3,059	1,853	16,384
Additions	—	1,555	246	—	1,801
Disposals	(422)	(3,270)	(31)	(1,853)	(5,576)
At 31st December, 2000	6,824	2,511	3,274	—	12,609
DEPRECIATION					
At 1st January, 2000	244	3,915	2,616	1,853	8,628
Provided for the year	8	106	190	—	304
Eliminated on disposals	(61)	(3,038)	(31)	(1,853)	(4,983)
At 31st December, 2000	191	983	2,775	—	3,949
NET BOOK VALUES					
At 31st December, 2000	6,633	1,528	499	—	8,660
At 31st December, 1999	7,002	311	443	—	7,756

The net book value of the land and buildings shown above comprises:

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Properties held under medium-term land use rights in the PRC	369,625	408,727	6,633	7,002

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16. Properties under/held for development

	THE GROUP HK\$'000
COST	
At 1st January, 2000	—
Acquired on acquisition of subsidiaries	173,869
Development costs incurred during the year	26,541
Transfer to properties held for sale	(43,009)
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At 31st December, 2000	157,401
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Comprising:	
	2000 HK\$'000
Properties held under medium-term land use right in the PRC	131,086
Properties held under long-term land use right in the PRC	26,315
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	157,401
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Included above is the Group's interest in development projects of the Hong Kong Macau Square under medium-term land use right in Huizhou and of Lang De Dong under long-term land use rights in Taishan.

17. Intangible asset

	THE GROUP HK\$'000
COST	
Acquired on acquisition of business and balance at 31st December, 2000	107,656
AMORTISATION	
Amortisation for the year and balance at 31st December, 2000	(448)
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NET BOOK VALUE	107,208
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The intangible asset represents the rights to publish newspaper under the trademarks and tradenames of "Sing Pao".

Notes to the Financial Statements

For the Year ended 31st December, 2000

18. Investments in subsidiaries/receivables due from subsidiaries/payables due to subsidiaries

	2000 HK\$'000	1999 HK\$'000
Investments in subsidiaries		
Shares listed overseas, at cost	228,703	228,703
Unlisted shares, at cost	99,486	77,008
	328,189	305,711
Market value of listed shares	56,935	212,430
Receivables due from subsidiaries		
Amounts due from subsidiaries	3,051,781	1,987,415
Less: Provision	(871,870)	(318,870)
	2,179,911	1,668,545
Payables due to subsidiaries		
Amounts due to subsidiaries	866,109	939,629

The receivables due from and payables due to subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

Particulars of the principal subsidiaries at 31st December, 2000 are as follows:

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Australia Net.com Limited ("Australia Net.com" formerly known as MRI Holdings Limited)	Australia (note a)	A\$31,184,116	—	57.26 (note a)	Investment holding
China Land	Bermuda (note b)	HK\$177,281,000	—	76.08 (note b)	Investment holding
China Pharmaceutical Industrial Limited	Hong Kong	HK\$2	—	100	Investment holding
China Tire	Bermuda (note c)	Supervoting Common Stock US\$30,000 Common Stock US\$60,173	33.27 (note c)	24.84 (note c)	Investment holding

Notes to the Financial Statements

For the Year ended 31st December, 2000

18. Investments in subsidiaries/receivables due from subsidiaries/payables due to subsidiaries (continued)

Name of subsidiary	Place of incorporation/ registration and operation	Issued and fully paid ordinary share capital/ registered capital	Proportion of nominal value of issued share capital/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Dalian C.S.I. Metal Containers Co., Ltd.	PRC	RMB32,000,000	—	51	Design, manufacturing and marketing of metallic packaging materials
Double Happiness Tyre Industries Corporation Limited	PRC	RMB145,000,000	—	55 (note c)	Manufacture of tires
Dazhai C.S.I. Cement Co., Ltd.	PRC	RMB17,000,000	51	—	Manufacture of cement
Guangzhou Jiang Nan Hotel Co., Ltd.	PRC	HK\$89,700,000	—	99	Hotel operation
Guangzhou Jiang Nan Property Co., Ltd.	PRC	HK\$68,000,000	—	75	Property development
Hangzhou Zhongce Rubber Company Limited ("Hangzhou Rubber")	PRC	US\$48,000,000	—	55 (note c)	Manufacture of tires
Huizhou World Express Property Ltd.	PRC	HK\$109,200,000	—	90	Property development
Ningbo Zhonghua Taifeng Food Co., Ltd.	PRC	RMB77,800,000	—	51	Production of flour, monosodium glutamate and related food products
Shenzhen Longchen Xinyuan Industrial Co., Ltd ("Shenzhen Longchen")	PRC	RMB100,000,000	—	60	Operation of toll highway
Shenzhen SEZ Development Centre Co., Ltd.	PRC	HK\$290,000,000	—	100	Property development
Yantai C.S.I. Rubber Co., Limited	PRC	RMB60,000,000	—	51 (note c)	Manufacture of tires
Yinchuan C.S.I. (Greatwall) Rubber Co., Ltd.	PRC	RMB667,833,000	—	51 (note c)	Manufacture of tires

Notes to the Financial Statements

For the Year ended 31st December, 2000

18. Investments in subsidiaries/receivables due from subsidiaries/payables due to subsidiaries (continued)

Notes:

- Australia Net.com operates both in Australia and Hong Kong and its shares are listed on the Australian Stock Exchange. Australia Net.com and its subsidiaries are mainly engaged in the investment holding activities.
- China Land operates in the PRC and its shares are listed on the Hong Kong Stock Exchange. China Land has been accounted for as a 74.98% subsidiary as explained in note 2.
- China Tire operates in the PRC and its shares are listed on the New York Stock Exchange. The Group held 55.2% effective equity interest and an 88.59% voting interest in China Tire. China Tire is a holding company which owns a majority stake in Double Happiness Tyre Industries Corporation Limited, Hangzhou Rubber, Yantai C.S.I. Rubber Co., Limited and Yinchuan C.S.I. (Greatwall) Rubber Co., Ltd. at 31st December, 2000.

None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

19. Investments in associates/receivables due from associates

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Investments in associates				
Share of net assets	115,752	197,114	—	—
Unlisted shares, at cost	—	—	2	2
	115,752	197,114	2	2
Receivables due from associates				
Amounts due from associates	5,323	5,500	1,083	1,093
Convertible note receivable from an associate ("AFH Note")	—	232,110	—	232,110
	5,323	237,610	1,083	233,203

The amounts due from associates are unsecured, interest-free and repayable on demand.

Notes to the Financial Statements

For the Year ended 31st December, 2000

19. Investments in associates/receivables due from associates (continued)

Particulars of the principal associates at 31st December, 2000 are as follows:

Name of associate	Place of incorporation/ registration	Proportion of nominal value of issued share capital/ registered capital held indirectly by the Company %	Principal activities
Hangzhou Zhongce Land Co., Ltd.	PRC	50	Property development and investment
Hangzhou Sunrise Rubber Co., Ltd. ("Sunrise")	PRC	49.2	Manufacture of tire
Pacificnet	Delaware, United States of America	30.41	Development, marketing and supporting full services of business to business e-commerce solutions

In 1998, the Group invested in Sunrise through Hangzhou Rubber for a total investment and registered capital of US\$29,980,000. The investment commitment was satisfied by the contribution of a radial tire factory under construction. The radial tire factory commenced operations during the year.

During the year, the Group entered into agreements with Pacificnet, a company listed on Nasdaq to exchange the Group's 33.33% interest in PacificNet.com LLC for a 30.41% interest in Pacificnet. At 31st December, 2000, the market value of the shares in Pacificnet held by the Group amounted to approximately HK\$54,580,000.

AFH is listed on OTCBB. The Group's interest in AFH is reduced from 49.15% to 2.94% following AFH's acquisition of the entire share capital of a company at consideration settled by the allotment and issue of new shares in AFH. The Group's remaining interest in AFH is reclassified as investment securities accordingly.

The AFH Note arose in 1996 when the Group disposed of its entire interest in Westronix Limited ("Westronix") to AFH after a series of transactions in connection with AFH. Westronix owns a 51% equity interest in a Sino-foreign joint venture which was established in the PRC and engaged in the construction and operation of a toll road in Hangzhou, the PRC. The Group received the AFH note as consideration for the disposal of Westronix to AFH.

The AFH Note bore interest at an initial interest rate of 9% per annum and was secured by all the assets of Westronix. The Group had the right at any time on or after the date of issue to convert in whole or in part the outstanding principal amount of the AFH Note into common shares of AFH at a conversion price of US\$4.1676 per common share, subject to adjustment. Common shares issued on conversion rank *pari passu* in all respects with common shares in issue at the time of conversion.

The gain on disposal of Westronix to AFH, amounting to HK\$109,736,000, had been deferred (see note 33) as AFH does not have any substantial asset other than its interest in Westronix after the transaction. Also, the Group would own 96% of AFH if the AFH Note was exercised. Consequently, the Group had not transferred to a sufficient degree the risks and rewards of ownership of Westronix for revenue to be recognised.

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For the Year ended 31st December, 2000

19. Investments in associates/receivables due from associates (continued)

No rights to conversion either in whole or in part has been exercised. The AFH Note was due for repayment on 9th September, 1999, but no repayment of the AFH Note had been received by the Group. During the year, the Group acquired the entire interest in Westronix from AFH for consideration settled by setting off the outstanding AFH Note due from AFH.

The above table lists the associates of the Group which, in the opinion of the directors, constituted a substantial portion of the share of results or of net assets of the associates. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

20. Investments in securities

	THE GROUP		THE COMPANY	
	Other investments		Other investments	
	2000	1999	2000	1999
	HK'000	HK'000	HK'000	HK'000
Equity securities:				
Listed	316,375	871,957	—	—
Unlisted	187,225	82,566	18,692	—
	503,600	954,523	18,692	—
Debt securities:				
Listed	209,459	77,600	—	—
Unlisted	110,400	—	—	—
	319,859	77,600	—	—
Club debenture	1,538	1,616	825	1,616
Total and reported as:				
Listed				
Hong Kong	207,671	865,886	—	—
Elsewhere	318,163	83,671	—	—
Unlisted	299,163	84,182	19,517	1,616
	824,997	1,033,739	19,517	1,616
Classified under				
Current	67,800	—	—	—
Non-current	757,197	1,033,739	—	—
	824,997	1,033,739	—	—
Market value of listed securities	525,834	949,557	—	—