

12. Fixed Assets (Continued)

- (a) Freehold land and buildings include the investment property, "Wall Street Plaza", which is a commercial property located at 88 Pine Street, New York, USA. The property is situated on three parcels of land, of which two parcels, representing approximately 34% of the site, are under long-term leases expiring in the year 2066. The property is stated at Directors' valuation of US\$110.0 million (1999: US\$110.0 million), by reference to a professional valuation made in December 2000 on an open market basis.
- (b) Container vessels include three (1999: three) vessels which were previously operated under finance lease terms and direct ownership was acquired by the Group in May 1990. These vessels are carried at Directors' valuation, representing the then purchase consideration which was determined by reference to professional valuations on a cum-charter open market basis of US\$87.0 million. Subsequent revaluations of these vessels are not required to be made in accordance with paragraph 72 of Hong Kong Statement of Standard Accounting Practice No 17. Had these vessels been carried at cost, the net book amount of the container vessels would have been reduced by US\$3.9 million (1999: US\$4.3 million).
- (c) Apart from the investment property and container vessels mentioned under (a) and (b) above, all other fixed assets are carried at cost.
- (d) The aggregate net book amount of assets pledged as securities for loans amounts to US\$888.3 million (1999: US\$780.1 million).

13. Subsidiaries

US\$'000	2000	1999
Company		
Unlisted shares, at cost less provision	169,482	16,938
Amounts receivable	604,657	605,450
Amounts payable	(364,092)	(247,151)
	410,047	375,237

Particulars of the principal subsidiaries at 31st December 2000 are shown on pages 83 to 88.

14. Jointly Controlled Entities

US\$'000	2000	1999
Group		
Unlisted shares, at cost less provision	8,314	11,314
Share of retained post-acquisition profits/(losses)	10,405	(2,276)
Share of net assets	18,719	9,038
Amounts receivable	32,110	29,667
	50,829	38,705

Particulars of the principal jointly controlled entities at 31st December 2000 are shown on page 89.

15. Long-Term Investments

US\$'000	2000	1999
Group		
Investment in Hui Xian, at cost (note (a))	91,201	77,601
Debt securities, at cost less provisions		
Listed outside Hong Kong (note (b))	41,540	56,144
Unlisted	6,300	4,778
Investments in finance leases (note 16)	4,137	4,798
Others, at cost less provisions		
Unlisted	1,934	9,072
	145,112	152,393

- (a) The investment in Hui Xian represents the Group's approximately 8% (1999: 8%) unlisted equity interest in and advances to Hui Xian Holdings Limited ("Hui Xian"), incorporated in Hong Kong and the holding company for the Beijing Oriental Plaza project. The project comprises a commercial, retail and residential complex of approximately six million square feet, with total estimated development costs of approximately US\$1.9 billion.

The major shareholder of Hui Xian, which holds approximately 52% of the issued equity, has also been appointed the project manager of the development. Under the Hui Xian shareholders' agreement, the shareholders agreed to finance the development costs up to US\$1.9 billion in proportion to their shareholdings. If the development costs exceed US\$1.9 billion and any shareholders decide not to provide their share of the finance, the Group's percentage of shareholding in Hui Xian will be adjusted in accordance with the proportion of finance provided by the shareholders.

- (b) Market value of listed debt securities was US\$38.6 million (1999: US\$47.1 million).

16. Investments In Finance Leases

US\$'000	2000	1999
Group		
Gross rental receivable	5,469	6,489
Gross earnings allocated to future periods	(810)	(1,189)
	4,659	5,300
Current portion included in current assets	(522)	(502)
	4,137	4,798

The cost of assets acquired for finance lease purposes amounted to US\$6.4 million (1999 : US\$6.4 million). The finance leases are receivable in the following years :

US\$'000	Net investment	Gross earnings	Gross rental
2001	522	309	831
2002	560	271	831
2003	3,577	230	3,807
	4,659	810	5,469

17. Other Non-Current Assets

US\$'000	2000	1999
Group		
Deferred expenditure		
Property leasing expenses	13,374	12,354
Financing charges	1,232	1,380
Computer software development costs	417	836
Others	305	784
	15,328	15,354
Restricted bank balances and deposits (note 20)	42,750	42,838
	58,078	58,192
Company		
Restricted bank balances and deposits (note 20)	22,739	22,737

18. Debtors And Prepayments

US\$'000	2000	1999
Group		
Trade debtors (note 19)	125,961	136,457
Other debtors	25,291	28,906
Prepayments	49,328	47,900
Utility and other deposits	25,551	23,683
Bunker	17,080	13,821
Tax recoverable	199	252
	243,410	251,019
Company		
Other debtors	22	58
Prepayments	1,036	101
	1,058	159

19. Trade Debtors

Group

In 1998, the Group entered into a receivables purchase agreement (the "Agreement") under which the Group agreed to assign, from time to time, certain specific trade receivables to The Rhino Receivables Company Limited ("Rhino"), a Channel Island unrelated special purpose company. The Group can offer to sell, at the time of each aforesaid assignment, a certain portion of those receivables, subject to a specified accumulated maximum amount, to Tulip Asset Purchase Company BV ("TAPCO"), a Netherlands unrelated special purpose company. Rhino holds all such trade receivables on trust for the benefit of the Group and TAPCO. Under the Agreement, TAPCO will settle in cash on the date of sale a fixed portion of the purchase price of the trade receivables, representing approximately 91% of those trade receivables on the date of sale with the balance on final settlement. TAPCO funds the purchases of the receivables by cash advances from Tulip Funding Corporation, a United States unrelated special purpose company, which in turn issues US dollar floating rate commercial papers backed by such receivables, supplemented by letter of credit and liquidity arrangements from a bank. The Group continues to manage the trade receivables and acts as collection agent for Rhino. The Group also agrees to reimburse all funding costs incurred by TAPCO in relation to the purchases of the trade receivables from the Group. Upon collection of all trade receivables sold, TAPCO will settle the balance of the purchase price, after deducting any funding costs not yet reimbursed and bad debts arising from those trade receivables.

19. Trade Debtors (Continued)

Group

As at 31st December 2000, trade debtors of the Group includes the following trade receivables:

US\$'000	2000	1999
Gross trade receivables assigned to Rhino	121,384	126,492
Less non-returnable proceeds received from TAPCO	(89,100)	(73,800)
	32,284	52,692

Trade receivables are normally due for payment on presentation of invoices or granted with an approved credit period ranging mainly from 10 to 45 days. Debtors with overdue balances are requested to settle all outstanding balances before any further credit is granted. The ageing analysis of the Group's trade debtors, including those assigned to Rhino but net of provision for bad and doubtful debts, prepared in accordance with date of invoices, is as follows :

US\$'000	2000	1999
Below one month	159,561	144,802
Two to three months	36,707	52,845
Four to six months	17,507	10,878
Over six months	1,286	1,732
	215,061	210,257

20. Bank Balances And Deposits

US\$'000	2000	1999
Group		
Restricted	106,356	117,151
Not restricted	250,586	201,974
	356,942	319,125
Less restricted and included in non-current assets (note 17)	(42,750)	(42,838)
	314,192	276,287

20. Bank Balances And Deposits (Continued)

US\$'000	2000	1999
Company		
Restricted	22,739	22,737
Not restricted	13,045	26,311
	35,784	49,048
Less restricted and included in non-current assets (note 17)	(22,739)	(22,737)
	13,045	26,311

Restricted bank balances and deposits are funds which are pledged as securities for banking facilities or required to be utilised for specific purpose. A restricted deposit of the Group amounting to US\$63.6 million (1999: US\$74.3 million), which has been pledged as security for a short-term bank loan of the same amount (note 22), is not classified as a non-current asset.

21. Creditors And Accruals

US\$'000	2000	1999
Group		
Trade creditors	120,744	82,463
Other creditors	23,413	26,123
Accrued operating expenses	239,147	284,563
Deferred revenue	5,926	11,867
	389,230	405,016
Company		
Accrued operating expenses	959	3,967

The ageing analysis of the Group's trade creditors, prepared in accordance with date of invoices, is as follows :

US\$'000	2000	1999
Below one month	50,306	24,438
Two to three months	68,414	50,724
Four to six months	1,735	7,169
Over six months	289	132
	120,744	82,463

22. Bank Loans And Overdrafts

US\$'000	2000	1999
Group		
Secured	64,606	79,809
Unsecured	3,107	3,999
	67,713	83,808

A secured bank loan of US\$63.6 million (1999: US\$74.3 million) is secured by a bank deposit of the same amount (note 20).

23. Long-Term Liabilities

US\$'000	2000	1999
Group		
Bank loans		
Secured	583,434	548,967
Unsecured	–	1,500
Other secured loans		
Wholly repayable within five years	22,861	7,663
Not wholly repayable within five years	15,198	14,394
Finance lease obligations		
Wholly payable within five years	150,940	66,413
Not wholly payable within five years	111,907	10,291
	884,340	649,228
Current portion included in current liabilities	(130,579)	(88,771)
	753,761	560,457

23. Long-Term Liabilities (Continued)

(a) The maturity of the Group's bank loans, other loans and finance lease obligations is as follows:

US\$'000	Bank loans	Other loans	Finance leases	
			Present value	Minimum payments
As at 31st December 2000				
2001	84,616	14,472	31,491	49,111
2002	39,173	9,699	43,863	62,564
2003	80,939	4,567	29,976	44,882
2004	40,232	3,886	31,474	43,916
2005	35,972	2,888	24,999	35,117
2006 onwards	302,502	2,547	101,044	111,938
	583,434	38,059	262,847	347,528
As at 31st December 1999				
2000	67,600	4,132	17,039	22,284
2001	59,996	3,721	14,164	18,744
2002	37,255	3,899	22,137	25,515
2003	67,915	3,083	6,421	8,092
2004	32,732	2,317	10,008	10,877
2005 onwards	284,969	4,905	6,935	8,414
	550,467	22,057	76,704	93,926

(b) The bank loans, other loans and finance lease obligations carry interest at fixed rates, ranging from 6.23% to 14.57% per annum, or variable rates, varying from 0.5% to 2.0% over stipulated market rates per annum.

24. Other Non-Current Liabilities

US\$'000	Pensions	Other provisions	Total
Group			
At 31st December 1998	4,323	834	5,157
Changes in exchange rates	442	23	465
Provided	822	208	1,030
Utilised	(122)	(99)	(221)
At 31st December 1999	5,465	966	6,431
Changes in exchange rates	(560)	(75)	(635)
Provided	1,395	36	1,431
Utilised	(474)	(716)	(1,190)
At 31st December 2000	5,826	211	6,037

25. Share Capital

US\$'000	2000	1999
Authorised :		
900,000,000 ordinary shares of US\$0.10 each	90,000	90,000
65,000,000 convertible redeemable preferred shares of US\$1 each	65,000	65,000
50,000,000 redeemable preferred shares of US\$1 each	50,000	50,000
	205,000	205,000
Issued and fully paid :		
517,141,632 ordinary shares of US\$0.10 each	51,714	51,714

26. Reserves

US\$'000	Contributed surplus	Share premium	Assets revaluation reserve	Retained Profit	Total
Group					
At 31st December 1998					
As previously reported	148,286	35,073	9,948	411,305	604,612
Prior year adjustments (note 1)	–	–	–	(14,024)	(14,024)
As restated	148,286	35,073	9,948	397,281	590,588
Changes in exchange rates	–	–	–	(1,138)	(1,138)
Acquisition of a subsidiary	–	–	–	68	68
Profit for the year retained	–	–	–	51,707	51,707
At 31st December 1999					
As previously reported	148,286	35,073	9,948	456,602	649,909
Prior year adjustments (note 1)	–	–	–	(8,684)	(8,684)
As restated	148,286	35,073	9,948	447,918	641,225
Changes in exchange rates	–	–	–	(2,884)	(2,884)
Profit for the year retained	–	–	–	91,178	91,178
At 31st December 2000					
	148,286	35,073	9,948	536,212	729,519
Company					
At 31st December 1998					
Profit for the year retained	148,286	35,073	–	202,002	385,361
	–	–	–	11,403	11,403
At 31st December 1999					
Profit for the year retained	148,286	35,073	–	213,405	396,764
	–	–	–	938	938
At 31st December 2000					
	148,286	35,073	–	214,343	397,702

Under the Companies Act of Bermuda and the Bye-laws of the Company, the contributed surplus is also distributable. Accordingly, total distributable reserves of the Company amount to US\$362.6 million (1999: US\$361.7 million) as at 31st December 2000.