

SEGMENT REPORTING

The segment information set out below is based on the requirements of SSAP 26 "Segment reporting" which has been adopted for the first time. Segment disclosures for 2000 have been amended so that they are presented on a consistent basis.

Segment information is presented in respect of the group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the group in making operating and financial decisions.

Business segments

The group is comprised of the following main business segments:

Hotels:	Leasing of lodging spaces as well as commercial shopping arcades and office premises, provision of food and beverage at restaurant outlets, operating of retail outlets and other minor departments such as spa, telephone, guest transportation and laundry within the hotel premises.
Property rental:	Leasing of commercial and office premises other than those in the hotel properties and residential apartments.
Property sales:	Development, purchase and sale of residential properties.
Miscellaneous:	Includes operation of golf courses, The Peak Tram, entertainment facilities, laundry, food and beverage outlets other than those in owned hotels, and provision of management and consultancy services for clubs.

Segment turnover and results (HK\$m)

	Hotels*	Property rental	Property sales	Miscellaneous	Total
For the six months ended 30 June 2001					
Turnover					
Total segment	823	247	133	105	1,308
Inter-segment	(3)	(2)	-	(12)	(17)
	<u>820</u>	<u>245</u>	<u>133</u>	<u>93</u>	<u>1,291</u>
Segment operating profit/(loss)	<u>159</u>	<u>183</u>	<u>(6)</u>	<u>13</u>	<u>349</u>
Financing charges					(177)
Share of net profit of associated companies	2			(1)	1
Profit before tax					<u>173</u>
For the six months ended 30 June 2000					
Turnover					
Total segment	812	248	411	107	1,578
Inter-segment	(3)	(2)	-	(12)	(17)
	<u>809</u>	<u>246</u>	<u>411</u>	<u>95</u>	<u>1,561</u>
Segment operating profit	<u>178</u>	<u>156</u>	<u>19</u>	<u>16</u>	<u>369</u>
Financing charges					(224)
Share of net profit of associated companies	3				3
Non-operating items	47	(39)			8
Profit before tax					<u>156</u>

* Analysis of hotels turnover (HK\$m)

	2001	2000
Rooms	354	340
Food and beverage	235	244
Commercial	136	130
Others	95	95
	<u>820</u>	<u>809</u>

Segment balance sheet (HK\$m)

	Hotels	Property rental	Property sales	Miscellaneous	Total
At 30 June 2001					
Assets					
Fixed Assets					
Investment properties	4,406	8,179	-	201	12,786
Hotel properties	5,323	-	-	-	5,323
Development properties	65	-	-	130	195
Other properties	-	-	-	27	27
Other fixed assets	367	-	-	87	454
	<u>10,161</u>	<u>8,179</u>	<u>-</u>	<u>445</u>	<u>18,785</u>
Interests in associated companies	123	-	-	18	141
Investment securities	74	-	-	2	76
Deferred expenditure	214	-	-	29	243
Other segment assets	150	17	300	110	577
Cash and other assets					284
Total assets					<u>20,106</u>
Liabilities					
Segment liabilities	517	153	9	205	884
Bank loans and other liabilities					5,983
Total liabilities					<u>6,867</u>
At 31 December 2000					
Assets					
Fixed Assets					
Investment properties	4,406	8,198	-	208	12,812
Hotel properties	3,991	-	-	-	3,991
Development properties	1,088	-	-	135	1,223
Other properties	-	-	-	27	27
Other fixed assets	218	-	-	94	312
	<u>9,703</u>	<u>8,198</u>	<u>-</u>	<u>464</u>	<u>18,365</u>
Interests in associated companies	130	-	-	19	149
Investment securities	74	-	-	2	76
Deferred expenditure	215	-	-	37	252
Other segment assets	164	12	440	99	715
Cash and other assets					414
Total assets					<u>19,971</u>
Liabilities					
Segment liabilities	446	166	24	226	862
Bank loans and other liabilities					5,994
Total liabilities					<u>6,856</u>
Other segment information (HK\$m)					
For the six months ended 30 June 2001					
Capital expenditure incurred	517	-	-	8	525
Depreciation and amortisation	37	-	-	13	50
For the six months ended 30 June 2000					
Capital expenditure incurred	251	9	-	30	290
Depreciation and amortisation	37	-	-	17	54

Geographical segment (HK\$m)

The group's hotel operations and property rental business are principally located in Hong Kong, United States of America and Thailand, while the property sales business is located in Australia and United States of America. The golf course operations are located in United States of America and Thailand, and the other miscellaneous businesses are all conducted in Hong Kong.

	<u>Hong Kong</u>		<u>Other Asia Pacific</u>		<u>United States of America</u>	
(for the six months ended 30 June)	2001	2000	2001	2000	2001	2000
Turnover	774	741	243	486	274	334
Capital expenditure	11	9	18	11	496	270
(at 30 June 2001/31 December 2000)						
Assets	15,288	15,313	1,543	1,738	2,991	2,506