

## 1 Principal accounting policies

### (a) Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of hotel and investment properties and other investments and in accordance with accounting principles generally accepted in Hong Kong.

### (b) Basis of consolidation

The consolidated accounts incorporate the accounts of the Company and all of its subsidiaries made up to 30th June, and include the Group's share of the results for the year and undistributed post-acquisition reserves of its associated companies and jointly controlled entities. The results of subsidiaries, associated companies and jointly controlled entities acquired or disposed of during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition and up to the effective dates of disposal respectively.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill or capital reserve which was not previously charged or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

### (c) Goodwill

Goodwill represents the excess of purchase consideration over the fair values ascribed to net assets of subsidiaries, associated companies or jointly controlled entities acquired and is written off directly to reserves in the year of acquisition.

### (d) Subsidiaries

A company, including equity and co-operative joint ventures in the People's Republic of China ("PRC"), is a subsidiary if more than 50% of the voting capital is held for the long term or if the composition of the board of directors is controlled by the Group. Investments in subsidiaries are carried at cost. Provision is made when the directors consider that there is a diminution in value other than temporary in nature.

## 1 Principal accounting policies (continued)

### (e) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long term and significant influence is exercised through representatives on the board of directors and there is no contractual arrangement to establish joint control over the economic activities of the company. The Group's investments in associated companies also include joint ventures in the PRC in which the composition of the board of directors is controlled by the Group's associated companies.

The consolidated profit and loss account includes the Group's share of the results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies.

### (f) Jointly controlled entities

A jointly controlled entity is a joint venture established as a corporation, partnership or other entity in which the venturers have their respective interests and establish a contractual arrangement among them to define their joint control over the economic activity of the entity.

The Group's interests in jointly controlled entities are stated at cost plus the Group's share of their post-acquisition results and reserves, less provision for diminution in value other than temporary in nature. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities explained as follows:

(i) *Equity joint ventures*

Equity joint ventures are joint ventures in respect of which the venturers' capital contribution ratios are defined in the joint venture contracts and the venturers' profit sharing ratios are in proportion to the capital contribution ratios.

(ii) *Co-operative joint ventures*

Co-operative joint ventures are joint ventures in respect of which the venturers' profit sharing ratios and share of net assets upon expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts.

(iii) *Companies limited by shares*

Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interest therein is in accordance with the amount of the voting share capital held thereby.

## 1 Principal accounting policies (continued)

### (g) Joint ventures in the People's Republic of China

#### (i) *Equity joint ventures*

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiaries (where the Group controls either the voting power or the composition of the board of directors) or as jointly controlled entities (where the Group and the other venturers of the equity joint venture established joint control over the economic activity thereof).

#### (ii) *Co-operative joint ventures*

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiaries (where the Group controls either the voting power or the composition of the board of directors) or as jointly controlled entities (where the Group and the other venturers of the co-operative joint venture established joint control over the economic activity thereof).

### (h) Other investments

Other investments are long term investments other than subsidiaries, associated companies and jointly controlled entities.

#### (i) *Investment securities*

Investment securities are held for non-trading purpose and are stated at fair value at the balance sheet date. Fair value is estimated by the directors by reference to the market price or, in case of unlisted investments, net asset value of the respective investment. Changes in the fair value of individual investments are credited or debited to the investment revaluation reserve until the investment is sold or determined to be impaired. Where the directors determine that there is impairment loss, the accumulated changes in fair value are removed from the investment revaluation reserve and recognised in the profit and loss account. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant investment, together with any surplus/deficit transferred from the investment revaluation reserve, is dealt with in the profit and loss account.

#### (ii) *Fixed return joint ventures*

A joint venture is classified as a fixed return joint venture if it is held for the long term and it gives fixed rate returns which is predetermined in accordance with the provisions of the joint venture contracts. Fixed return joint ventures are carried at cost plus Return on Costs (note **(q)**(ii)) less provision for diminution in value other than temporary in nature.

## 1 Principal accounting policies (continued)

### (i) Fixed assets and depreciation

#### (i) *Investment properties*

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential. The investment properties are stated at open market value based on an annual professional valuation at the balance sheet date. Increases in valuation are credited to the investment property revaluation reserve; decreases in value are first set off against earlier revaluation surpluses on a portfolio basis and thereafter charged to the profit and loss account. Any subsequent increases are credited to operating profit up to the amount previously debited. Upon sale of an investment property, the relevant portion of the revaluation surplus in respect of previous valuations is released from the investment properties revaluation reserve to the profit and loss account. No depreciation is provided on investment properties held on leases of more than twenty years.

#### (ii) *Hotel properties*

Hotel properties are interests in land and buildings and their integral fixed plant which are collectively used in the operation of hotel. They are stated in the balance sheet at their open market value on the basis of an annual professional valuation. Increases in valuation are credited to the hotel properties revaluation reserve; decreases in value are first set off against earlier revaluation surpluses and thereafter charged to the profit and loss account. No depreciation is provided on hotel properties held on leases of more than twenty years. It is the Group's practice to maintain the buildings in a continual state of sound repairs and to make improvements thereto from time to time and accordingly, the directors consider that given the estimated lives of the hotel properties, any depreciation would be insignificant due to their high residual value. Such expenditures on repairs and improvements are charged to the profit and loss account in the year in which they are incurred.

#### (iii) *Assets under construction*

No depreciation is provided on assets under construction. All direct and indirect costs relating to the construction of fixed assets including interest and financing costs and foreign exchange differences on the related borrowed funds during the construction period are capitalised as the cost of the fixed assets.

## 1 Principal accounting policies (continued)

### (i) Fixed assets and depreciation (continued)

#### (iv) *Other fixed assets*

Other fixed assets, including other properties which are interests in land and buildings other than investment properties and hotel properties, are stated at cost less accumulated depreciation. Depreciation of fixed assets is calculated to write off the cost of assets over their estimated useful lives, using the straight line method. Estimated useful lives are summarised as follows:

|  |  |
|--|--|
| Land held on long or medium term lease | Unexpired period of the lease              |
| Buildings                              | 20 years                                   |
| Leasehold improvements                 | 10 years or over the relevant lease period |
| Furniture, fixtures and equipment      | 5 years                                    |
| Motor vehicles                         | 3 years                                    |

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives. The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. Expected future cash flows have not been discounted in determining the recoverable amount.

Profits or losses on disposal of fixed assets are determined as the difference between the net disposal proceeds and the carrying amounts of the assets and are dealt with in the profit and loss account.

### (j) Deferred expenditure

Loan procurement expenses are amortised on a straight line basis over the relevant loan periods.

### (k) Properties held for/under development

Properties held for/under development are stated at cost less provision for any possible loss. Cost comprises land cost, development expenditure, professional fees and interest capitalised. On completion, the properties are transferred to investment properties or to completed properties held for sale.

### (l) Completed properties held for sale

Completed properties held for sale is stated at the lower of cost and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

## 1 Principal accounting policies (continued)

### (m) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessors are accounted for as operating leases. Rentals payable to such operating leases are charged to the profit and loss account on a straight line basis over the periods of the leases.

### (n) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

### (o) Capitalisation of interest and finance charges

Interest and finance charges on borrowings relating to properties under development are included in the cost of the development during the period of development. Interest and finance charges on borrowings that are directly attributable to the financing of the Group's investments in joint ventures investing in property development projects are capitalised as the cost of investments in these joint ventures up to the respective date of completion of construction of the related properties. All other borrowing costs are expensed in the profit and loss account in the year in which they are incurred, other than those dealt with in note **(i)**(iii) above.

### (p) Foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at rates of exchange ruling at that date. Exchange differences arising in these cases are dealt with in the profit and loss account, other than those dealt with in note **(i)**(iii) above.

The accounts of overseas subsidiaries, associated companies and jointly controlled entities expressed in foreign currencies are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising therefrom are dealt with as a movement in reserves.

## 1 Principal accounting policies (continued)

### (q) Revenue recognition

Revenue is recognised when it is probable that future economic benefits will flow to the Group and these benefits can be measured reliably on the following bases:

(i) *Property sales*

Revenue from sale of properties is recognised either when the sale agreement is completed or when the development is completed which is determined by the issuance of the completion certificate by the relevant government authorities, whichever is the later. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

(ii) *Return on Costs*

Return on Costs represents investments return received and receivable in respect of the Group's interest in low-cost community housing which is calculated by reference and limited to 15% on the aggregate qualifying construction and development costs as provided by the respective joint venture agreements.

Return on Costs is recognised only upon completion of a distinct phase of low-cost community housing when the relevant buildings are examined and approved for occupation by the relevant authority, or when the obligations undertaken by the PRC joint venture partners of the respective joint ventures to pay the Return on Costs become due, whichever is the earlier.

(iii) *Interest income*

(a) Interest income in respect of loan financing provided to associated companies and jointly controlled entities financing the development of property projects during the development periods is deferred and recognised on the same basis as property sales (note (q)(i)) above.

(b) Interest income in respect of loan financing provided to associated companies and jointly controlled entities other than those engaged in property development during their pre-operational period is deferred and amortised over the repayment period of the loan.

(c) Interest income in respect of loan financing provided to fixed return joint ventures financing the development of low-cost community housing is recognised on a time proportion basis.

(d) Other than those described in (a) to (c) above, interest income is recognised on a time proportion basis.

(iv) *Rental income*

Rental income is recognised on a straight line accrual basis over the terms of lease agreements or on a specified basis according to the terms of lease agreements in respect of contingent rental income.

## 1 Principal accounting policies (continued)

### (q) Revenue recognition (continued)

#### (v) Management fee income

- (a) Management fee income in respect of management services provided to associated companies and jointly controlled entities engaged in property development during the development periods is deferred and recognised on the same basis as property sales (note **(q)(i)**) above.
- (b) Other than those described in (a) above, management fee income is recognised upon provision of management services.

#### (vi) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

## 2 Turnover and profit attributable to shareholders

The Group is principally engaged in investment and development of property projects in the PRC. Turnover comprises Return on Costs in respect of low-cost community housing, gross proceeds from sales of properties, revenue from rental operations, management fee income and interest income in respect of loan financing provided to associated companies and joint ventures, net of withholding tax.

|                                      | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--------------------------------------|------------------|------------------|
| Sales of properties                  | 291,459          | 82,975           |
| Rental income                        | 172,531          | 156,126          |
| Return on Costs                      | 14,662           | 169,924          |
| Management fee income                | 819              | 35,875           |
|                                      | 479,471          | 444,900          |
| Interest income less withholding tax | 107,794          | 162,131          |
|                                      | 587,265          | 607,031          |

An analysis of the Group's turnover and profit attributable to shareholders by principal activity is as follows:

|                        | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|------------------------|------------------|------------------|
| (i) Turnover           |                  |                  |
| Property sales         | 415,798          | 439,272          |
| Rental operation       | 171,467          | 158,535          |
| Hotel operation (note) | -                | 9,224            |
|                        | 587,265          | 607,031          |



## 2 Turnover and profit attributable to shareholders (continued)

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| (ii) Profit attributable to shareholders |                  |                  |
| Property sales                           | 118,817          | 270,427          |
| Rental operation                         | 257,905          | 111,670          |
| Hotel operation (note)                   | 10,089           | (4,368)          |
| Others                                   | (137)            | (254)            |
|  | 386,674          | 377,475          |
| Finance costs                            | (69,996)         | (79,173)         |
| Corporate expenses                       | (109,684)        | (94,773)         |
|  | 206,994          | 203,529          |

Note: The Group's hotels are operated through its investments in an associated company and jointly controlled entities.

## 3 Other revenues

|                                | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--------------------------------|------------------|------------------|
| Bank and other interest income | 48,185           | 57,239           |

## 4 Other operating income

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Gain on disposal of a subsidiary (note 32(v))  | 93,760           | –                |
| Provision for diminution in value of properties<br>held for development and completed properties held for sale | (19,888)         | –                |
|  | 73,872           | –                |

## 5 Operating expenses

|                                      | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--------------------------------------|------------------|------------------|
| Cost of properties sold              | (243,946)        | (81,652)         |
| Staff costs                          | (92,840)         | (78,937)         |
| Depreciation                         | (10,942)         | (7,724)          |
| Amortisation of deferred expenditure | (5,397)          | (5,415)          |
| Other operating expenses             | (91,986)         | (70,110)         |
|                                      | (445,111)        | (243,838)        |

## 6 Operating profit before financing

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Operating profit before financing is arrived at after crediting: |                  |                  |
| Gross rental income from investment properties                   | 170,379          | 155,243          |
| and after charging:  |                  |                  |
| Outgoings in respect of investment properties                    | 7,188            | 5,769            |
| Rental for leased premises                                       | 5,915            | 6,234            |
| Guarantee fee paid to ultimate holding company                   | 5,290            | 12,904           |
| Auditors' remuneration   | 4,161            | 3,500            |
| Retirement benefit costs   | 3,847            | 2,493            |

Total contingent rents included in rental income amounted to HK\$20,101,000 (2000: HK\$3,365,000).

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| The future minimum rental payments receivable under non-cancellable leases are as follows: |                  |                  |
| Within one year  | 67,987           | 82,495           |
| Between two and five years   | 63,140           | 219,187          |
| Beyond five years  | 3,558            | 78,223           |
|  | 134,685          | 379,905          |

Generally the Group's operating leases are for terms of two to five years.

## 7 Finance costs

|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|------------------|------------------|
| Interest on bank loans  | 58,792           | 61,944           |
| Interest on loans from fellow subsidiaries  |                  |                  |
| Wholly repayable within five years  | 90,370           | 114,241          |
| Not wholly repayable within five years  | 16,037           | –                |
| Interest on loans from minority shareholders  | 2,171            | 5,001            |
| Interest on short term loans  | 8,426            | 16,905           |
|   | <b>175,796</b>   | 198,091          |
| Amount capitalised in properties held for/under development and assets under construction         | (97,056)         | (104,075)        |
| Amount capitalised in investments in jointly controlled entities and an associated company (note) | (8,744)          | (14,843)         |
|   | <b>69,996</b>    | 79,173           |

Note:

To the extent funds are borrowed generally and used for the purpose of financing certain qualifying investments in an associated company and jointly controlled entities, the capitalisation rate used to determine the amounts of borrowing costs eligible for capitalisation as part of the costs of these assets is 6.9% (2000: 8.8%) for the year.

## 8 Retirement benefit costs

The Group has established a defined contribution retirement scheme under the Occupational Retirement Scheme Ordinance for all employees in Hong Kong since September 1999. The contributions to the scheme are based on a percentage of the employees' salaries ranging from 5% to 10%, depending upon the length of service of the employees. The Group's contributions to the scheme are expensed as incurred and are not forfeited in respect of those employees who leave the scheme prior to vesting fully in the contributions.

With the implementation of the Mandatory Provident Fund ("MPF") Scheme Ordinance on 1st December 2000, the Group established a new MPF Scheme. Except for employees who commenced employment after 1st October 2000, all the existing employees were given an option to select between the existing defined contribution scheme and the MPF Scheme. The employees who commenced employment after 1st October 2000 are required to join the MPF Scheme. The Group's contributions to the MPF scheme are based on fixed percentages of members' salary, ranging from 5% of MPF relevant income to 10% of the basic salary. Members' mandatory contributions are fixed at 5% of MPF relevant income.

The assets of all retirement schemes are held separately from those of the Group in independently administered funds. The total cost charged to the profit and loss account amounted to HK\$3,847,000 (2000: HK\$2,493,000).

## 9 Directors' and senior management remuneration

(i) Details of the directors' emoluments are as follows:

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Fees   | –                | –                |
| Salaries, discretionary bonus and other allowances | 2,632            | 2,600            |
| Contribution to retirement benefit scheme          | 132              | –                |
|  | <b>2,764</b>     | <b>2,600</b>     |

The emoluments of the directors fall within the following bands:

|                               | Number of directors |           |
|-------------------------------|---------------------|-----------|
|                               | 2001                | 2000      |
| Nil – HK\$500,000             | 12                  | 12        |
| HK\$2,500,001 – HK\$3,000,000 | 1                   | 1         |
|                               | <b>13</b>           | <b>13</b> |

No emoluments were paid to independent non-executive directors during the year (2000: Nil).

None of the directors has waived his right to receive his emoluments (2000: Nil).

(ii) The five individuals whose emoluments were the highest in the Group for the year include one (2000: one) director whose emoluments are reflected in the analysis presented above. Details of the emoluments paid to the remaining individuals in the Group are as follows:

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Salaries, discretionary bonus and other allowances | 7,780            | 6,568            |
| Contribution to retirement benefit scheme          | 336              | 433              |
|  | <b>8,116</b>     | <b>7,001</b>     |

The emoluments fall within the following bands:

|                               | Number of individuals |          |
|-------------------------------|-----------------------|----------|
|                               | 2001                  | 2000     |
| HK\$1,000,001 – HK\$1,500,000 | –                     | 1        |
| HK\$1,500,001 – HK\$2,000,000 | 3                     | 2        |
| HK\$2,000,001 – HK\$2,500,000 | 1                     | 1        |
|                               | <b>4</b>              | <b>4</b> |

## 10 Taxation

|                             | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|-----------------------------|------------------|------------------|
| Company and subsidiaries    |                  |                  |
| PRC income tax              | 11,835           | –                |
| Jointly controlled entities |                  |                  |
| PRC income tax              | 18,435           | 11,620           |
|                             | <b>30,270</b>    | 11,620           |

No provision for Hong Kong profits tax has been made within the Group as the Group has no assessable profits in Hong Kong for the year (2000: Nil). PRC income tax has been provided on the estimated assessable profits of a subsidiary operating in the PRC at the applicable rate of taxation.

The Group's jointly controlled entities established in the PRC are required to pay income tax at the rate of 33% (2000: 33%).

In July 1999, a deed of tax indemnity was entered into between the ultimate holding company and the Group whereby the ultimate holding company undertakes to indemnify the Group in respect of, inter alia, certain PRC income tax ("IT") and land appreciation tax ("LAT") payable in consequence of the disposal of certain properties held by the Group as at 31st March 1999 and in respect of which the aggregate amount of LAT and IT is estimated at approximately HK\$7,783 million (2000: HK\$7,858 million). The tax indemnity is also given in respect of LAT and IT payable in consequence of the disposal of any low-cost community housing in the event the relevant company in the Group is unable to pay such taxes. During the year, no such tax indemnity was effected (2000: Nil).

Realisation of the surplus on revaluation of the Group's investment and hotel properties would give rise to a taxation liability in the PRC. No provision has been made in the accounts for this liability as these properties are held for the long term and management has no intention to dispose of these properties in the foreseeable future. Tax indemnity has also been given by the ultimate holding company in respect of these properties.

## 11 Earnings per share

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$206,994,000 (2000: HK\$203,529,000) and the weighted average of 1,464,741,432 shares (2000: 1,463,772,938 shares) in issue during the year.

Diluted earnings per share for the year is based on profit attributable to shareholders of HK\$206,994,000 divided by 1,464,741,432 shares which is the weighted average number of shares in issue during the year plus the weighted average of 5,428,030 shares deemed to be issued at no consideration as if all outstanding share options had been exercised. Diluted earnings per share is not presented for 2000 as the Company had no dilutive potential shares as at 30th June 2000.

## 12 Fixed assets

### Group

|                             | Investment<br>properties | Other<br>properties | Leasehold<br>improve-<br>ments | Furniture,<br>fixtures and<br>equipment | Motor<br>vehicles | Assets<br>under<br>construction | Total            |
|-----------------------------|--------------------------|---------------------|--------------------------------|---|-------------------|---------------------------------|------------------|
|                             | HK\$'000                 | HK\$'000            | HK\$'000                       | HK\$'000                                | HK\$'000          | HK\$'000                        | HK\$'000         |
| Cost or valuation           |                          |                     |                                |   |                   |                                 |                  |
| At 30th June 2000           | 1,277,139                | 18,113              | 4,866                          | 29,156                                  | 14,512            | 1,605,612                       | 2,949,398        |
| Acquisition of subsidiaries | –                        | –                   | –                              | 3,409                                   | 507               | –                               | 3,916            |
| Additions                   | 55,051                   | –                   | 7,667                          | 13,498                                  | 2,339             | 694,696                         | 773,251          |
| Disposals                   | –                        | –                   | –                              | (863)                                   | (744)             | –                               | (1,607)          |
| Disposal of a subsidiary    | (159,026)                | –                   | –                              | (926)                                   | (401)             | (315,766)                       | (476,119)        |
| Revaluation surplus         | 34,503                   | –                   | –                              | –                                       | –                 | –                               | 34,503           |
| <b>At 30th June 2001</b>    | <b>1,207,667</b>         | <b>18,113</b>       | <b>12,533</b>                  | <b>44,274</b>                           | <b>16,213</b>     | <b>1,984,542</b>                | <b>3,283,342</b> |
| Accumulated depreciation    |                          |                     |                                |   |                   |                                 |                  |
| At 30th June 2000           | –                        | 2,941               | 1,748                          | 13,956                                  | 6,646             | –                               | 25,291           |
| Acquisition of subsidiaries | –                        | –                   | –                              | 874                                     | 367               | –                               | 1,241            |
| Charge for the year         | –                        | 815                 | 1,667                          | 6,333                                   | 2,127             | –                               | 10,942           |
| Disposals                   | –                        | –                   | –                              | (776)                                   | (505)             | –                               | (1,281)          |
| Disposal of a subsidiary    | –                        | –                   | –                              | (639)                                   | (380)             | –                               | (1,019)          |
| <b>At 30th June 2001</b>    | <b>–</b>                 | <b>3,756</b>        | <b>3,415</b>                   | <b>19,748</b>                           | <b>8,255</b>      | <b>–</b>                        | <b>35,174</b>    |
| Net book value              |                          |                     |                                |   |                   |                                 |                  |
| <b>At 30th June 2001</b>    | <b>1,207,667</b>         | <b>14,357</b>       | <b>9,118</b>                   | <b>24,526</b>                           | <b>7,958</b>      | <b>1,984,542</b>                | <b>3,248,168</b> |
| At 30th June 2000           | 1,277,139                | 15,172              | 3,118                          | 15,200                                  | 7,866             | 1,605,612                       | 2,924,107        |

## 12 Fixed assets (continued)

Notes:

- (i) Investment properties were revalued on 30th June 2001 on an open market value basis by Chesterton Petty Limited, independent professional valuers, and are held in the PRC under the following leases:

|                    | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--------------------|------------------|------------------|
| Long leases        | 84,112           | 82,243           |
| Medium term leases | 1,123,555        | 1,194,896        |
|                    | <b>1,207,667</b> | 1,277,139        |

- (ii) Other properties are stated at cost and held in the PRC under the following leases:

|                    | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--------------------|------------------|------------------|
| Long leases        | 2,856            | 2,856            |
| Medium term leases | 15,257           | 15,257           |
|                    | <b>18,113</b>    | 18,113           |

- (iii) Certain interests in investment properties and assets under construction pledged as securities for short term loans and long term loans amount to HK\$240,832,000 (2000: HK\$447,916,000) and HK\$112,149,000 (2000: HK\$339,265,000) respectively.
- (iv) Included in assets under construction is interest capitalised of HK\$78,740,000 (2000: HK\$84,440,000).

## 13 Subsidiaries

|  | 2001<br>HK\$'000  | 2000<br>HK\$'000 |
|--|-------------------|------------------|
| Unlisted shares, at cost (2001 and 2000: HK\$10) | -                 | -                |
| Amounts due from subsidiaries                    | 15,970,436        | 16,027,537       |
|  | <b>15,970,436</b> | 16,027,537       |

Details of principal subsidiaries are given in note 35.

## 14 Properties held for development

|  | <b>Group</b>     |           |
|--|------------------|-----------|
|  | <b>2001</b>      | 2000      |
|  | <b>HK\$'000</b>  | HK\$'000  |
| Leasehold land, at cost less provision |                  |           |
| Long term                              | <b>1,178,025</b> | 994,090   |
| Medium term                            | <b>1,216,852</b> | 1,225,253 |
| Development and incidental costs       | <b>289,734</b>   | 411,882   |
| Interest capitalised                   | <b>127,945</b>   | 29,208    |
|  | <b>2,812,556</b> | 2,660,433 |

Properties held for development of HK\$218,184,000 in 2000 had been pledged as securities for a short term loan, which was fully repaid during the year.

## 15 Associated companies

|  | <b>Group</b>    |          |
|--|-----------------|----------|
|  | <b>2001</b>     | 2000     |
|  | <b>HK\$'000</b> | HK\$'000 |
| Group's shares of net assets                   | <b>35,975</b>   | 62,820   |
| Amounts due by associated companies (note (i)) | <b>762,247</b>  | 865,639  |
| Amounts due to associated companies (note (i)) | <b>(17,043)</b> | (18,814) |
|  | <b>781,179</b>  | 909,645  |

Notes:

- (i) The amounts receivable and payable are unsecured, interest free and have no specific repayment terms.
- (ii) Details of principal associated companies are given in note 35.



## 16 Jointly controlled entities

|  | Group            |                  |
|--|------------------|------------------|
|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Equity joint ventures  |                  |                  |
| Group's share of net liabilities                             | (57,322)         | (68,937)         |
| Amounts due by joint ventures                                |                  |                  |
| Interest bearing (note (i))                                  | 510,329          | 520,649          |
| Non-interest bearing (note (ii))                             | 130,126          | 123,748          |
|  | <b>583,133</b>   | 575,460          |
| Co-operative joint ventures                                  |                  |                  |
| Cost of investments (note (iii))                             | 3,146,615        | 3,371,727        |
| Share of undistributed post-acquisition results and reserves | (150,111)        | (359,430)        |
|  | <b>2,996,504</b> | 3,012,297        |
| Amounts due by joint ventures                                |                  |                  |
| Interest bearing (note (iv))                                 | 5,047,282        | 5,724,815        |
| Non-interest bearing (note (ii))                             | 71,738           | 163,844          |
| Amounts due to joint ventures (note (ii))                    | (12,458)         | (252)            |
|  | <b>8,103,066</b> | 8,900,704        |
| Companies limited by shares                                  |                  |                  |
| Group's share of net liabilities                             | (148,232)        | (144,085)        |
| Amounts due by joint ventures                                |                  |                  |
| Interest bearing (note (v))                                  | 198,318          | 189,681          |
| Non-interest bearing (note (ii))                             | 388,480          | 436,515          |
|  | <b>438,566</b>   | 482,111          |
| Deposits for proposed joint ventures (note (vi))             | 180,935          | 208,175          |
|  | <b>9,305,700</b> | 10,166,450       |

### Notes:

- (i) The amounts receivable are unsecured, carry interest ranging from 5.85% to 12% per annum (2000: 5.85% to 12% per annum) and have repayment terms as specified in the joint venture contracts.
- (ii) The amounts receivable and payable are unsecured, interest free and have repayment terms as specified in the joint venture contracts.
- (iii) The Group's interest in a jointly controlled entity in 2000 were pledged as part of the security to secure a syndicated bank loan of US\$40 million granted to the jointly controlled entity of which US\$11.5 million were utilised as at 30th June 2000. The bank loan was fully repaid in 2001.

## 16 Jointly controlled entities *(continued)*

- (iv) The amounts receivable are unsecured, carry interest ranging from 8.5% to 12% per annum (2000: 8.5% to 12% per annum) and have repayment terms as specified in the joint venture contracts.
- (v) The amounts receivable are unsecured, carry interest ranging from 4% to 1.5% above prime rate per annum (2000: 4% to 1.5% above prime rate per annum) and have repayment terms as specified in the joint venture contracts.
- (vi) The balances represent payments on account of proposed joint ventures for which only preliminary agreements have been signed and the joint venture companies have not been established as at the balance sheet date. Upon the establishment of the relevant joint venture companies, the relevant amounts will be reclassified to respective joint venture balances.
- (vii) Details of principal jointly controlled entities are given in note 35.
- (viii) A summary of the financial information of the significant jointly controlled entities is set out in note 33.

## 17 Other investments

|   | <b>Group</b>     |           |
|---|------------------|-----------|
|   | <b>2001</b>      | 2000      |
|   | <b>HK\$'000</b>  | HK\$'000  |
| Investment security                       |                  |           |
| Unlisted shares, at cost                  | <b>350</b>       | 350       |
| Amount due from investee company          | <b>207,826</b>   | 207,826   |
|   | <b>208,176</b>   | 208,176   |
| Fixed return joint ventures               |                  |           |
| Cost of investments                       | <b>593,132</b>   | 589,623   |
| Amounts due by joint ventures             |                  |           |
| Interest bearing (note (i))               | <b>2,084,620</b> | 2,056,405 |
| Non-interest bearing (note (ii))          | <b>125,185</b>   | 308,998   |
| Amounts due to joint ventures (note (ii)) | <b>(85,977)</b>  | (228,748) |
|   | <b>2,716,960</b> | 2,726,278 |
|   | <b>2,925,136</b> | 2,934,454 |

Notes:

- (i) The amounts receivable are unsecured, carry interest at 10% per annum (2000: 10% per annum) and have repayment terms as specified in the joint venture contracts.
- (ii) The amounts receivable and payable are unsecured, interest free and have repayment terms as specified in the joint venture contracts.

## 18 Other non-current assets

|  | <b>Group</b>    |          |
|--|-----------------|----------|
|  | <b>2001</b>     | 2000     |
|  | <b>HK\$'000</b> | HK\$'000 |
| Deferred expenditure                         |                 |          |
| Loan procurement expenses                    | <b>1,426</b>    | 26,841   |
| Accumulated amortisation                     | <b>(579)</b>    | (21,920) |
|  | <b>847</b>      | 4,921    |
| Cash and bank balances, restricted (note 22) | <b>110,787</b>  | 103,993  |
|  | <b>111,634</b>  | 108,914  |

## 19 Debtors, deposits and other receivables

Debtors, deposits and other receivables include trade debtors, utility and other deposits, interest and other receivables and prepayment for land cost.

The ageing analysis of trade debtors is as follows:

|               | <b>Group</b>    |          |
|---------------|-----------------|----------|
|               | <b>2001</b>     | 2000     |
|               | <b>HK\$'000</b> | HK\$'000 |
| 0 to 30 days  | <b>6,890</b>    | 8,868    |
| 31 to 60 days | <b>5,874</b>    | 614      |
| 61 to 90 days | <b>7,238</b>    | 354      |
| Over 90 days  | <b>9,213</b>    | 2,752    |
|               | <b>29,215</b>   | 12,588   |

Sales proceed receivables in respect of sale of properties are settled in accordance with the instalment schedules as stipulated in the sale and purchase agreements. Monthly rental in respect of rental properties are payable in advance by tenants in accordance with the lease agreements.

## 20 Properties under development

|                                  | Group            |                  |
|----------------------------------|------------------|------------------|
|                                  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Leasehold land, at cost          |                  |                  |
| Long term                        | 1,509,695        | 659,740          |
| Medium term                      | 82,892           | 131,666          |
| Development and incidental costs | 628,244          | 208,767          |
| Interest capitalised             | 33,220           | 143,923          |
|                                  | <b>2,254,051</b> | 1,144,096        |

The aggregate carrying value of properties under development pledged as securities for short term loans amounts to HK\$82,243,000 (2000: Nil).

## 21 Completed properties held for sale

The aggregate carrying value of completed properties held for sale that were carried at net realisable values amounts to HK\$112,662,000 (2000: Nil).

## 22 Cash and bank balances

|  | Group            |                  | Company          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Restricted balances  | 749,133          | 300,024          | –                | –                |
| Unrestricted balances  | 503,242          | 382,278          | 74,980           | 67,557           |
| Cash and bank balances   | 1,252,375        | 682,302          | 74,980           | 67,557           |
| Restricted balances<br>included under other non-<br>current assets (note 18) | (110,787)        | (103,993)        | –                | –                |
|  | <b>1,141,588</b> | 578,309          | <b>74,980</b>    | 67,557           |

The restricted balances have been pledged as securities for certain short term loans and long term loans.

## 23 Creditors and accruals

Creditors and accruals include trade creditors, retentions payable of construction costs, other payables and various accruals. The ageing analysis of trade creditors is as follows:

|               | <b>Group</b>    |          |
|---------------|-----------------|----------|
|               | <b>2001</b>     | 2000     |
|               | <b>HK\$'000</b> | HK\$'000 |
| 0 to 30 days  | <b>76,726</b>   | 40,895   |
| 31 to 60 days | <b>9,207</b>    | 39,322   |
| 61 to 90 days | <b>1,997</b>    | 3,925    |
| Over 90 days  | <b>101,618</b>  | 63,398   |
|               | <b>189,548</b>  | 147,540  |

## 24 Amounts due to fellow subsidiaries

The balances are unsecured, interest free and have no specific repayment terms.

## 25 Taxes payable

|                         | <b>Group</b>    |          |
|-------------------------|-----------------|----------|
|                         | <b>2001</b>     | 2000     |
|                         | <b>HK\$'000</b> | HK\$'000 |
| Income tax payable      | <b>9,965</b>    | –        |
| Withholding tax payable | <b>78,779</b>   | 101,102  |
| Other PRC taxes payable | <b>15,701</b>   | 2,843    |
|                         | <b>104,445</b>  | 103,945  |

## 26 Share capital

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Authorised:  |                  |                  |
| 8,000,000,000 shares of HK\$0.1 each   | 800,000          | 800,000          |
| Issued and fully paid:   |                  |                  |
| 1,468,511,738 shares of HK\$0.1 each<br>(2000: 1,463,772,938 shares of HK\$0.1 each) | 146,851          | 146,377          |

Details of the movement in the issued share capital of the Company are summarised as follows:

|                                       | Number of<br>shares<br>of HK\$0.1<br>each | HK\$'000       |
|---------------------------------------|---|----------------|
| At 30th June 1999                     | 3   | –              |
| Issue of shares (note (i))            | 1,463,772,935                             | 146,377        |
| At 30th June 2000                     | 1,463,772,938                             | 146,377        |
| Exercise of share options (note (ii)) | 4,738,800                                 | 474            |
| <b>At 30th June 2001</b>              | <b>1,468,511,738</b>                      | <b>146,851</b> |

Notes:

- (i) On 15th July 1999, 999,999,997 shares of HK\$0.1 each were issued and allotted to the ultimate holding company and certain of its subsidiaries by means of capitalisation of debts owing to these companies and 313,772,938 shares of HK\$0.1 each were issued and allotted to the then bondholders upon conversion of convertible bonds issued by a fellow subsidiary. In addition, 150,000,000 shares of HK\$0.1 each were issued pursuant to the initial public offering at HK\$9.5 each.
- (ii) Pursuant to the share option scheme adopted on 18th December 2000, the Company may grant options to executive directors and employees of the Company to subscribe for shares in the Company. The movements in the number of share options granted during the year and the balance outstanding at 30th June 2001 are as follows:

| Date of offer<br>to grant | Exercise<br>price<br>per share<br>HK\$ | Number of shares                        |                                 |                              | At 30th<br>June 2001 |
|---------------------------|--|---|---------------------------------|------------------------------|----------------------|
|                           |  | Granted<br>during<br>the year<br>(note) | Exercised<br>during<br>the year | Lapsed<br>during<br>the year |                      |
| 5th February 2001         | 1.955                                  | 58,544,800                              | 4,698,800                       | 802,000                      | 53,044,000           |
| 2nd May 2001              | 2.605                                  | 498,400                                 | 40,000                          | –                            | 458,400              |
|                           |  | 59,043,200                              | 4,738,800                       | 802,000                      | 53,502,400           |

Note: Divided into 5 tranches and exercisable within a period of 5 years commencing on the expiry of one month after the dates on which the options were accepted.

## 26 Share capital (continued)

Subsequent to the balance sheet date, the following changes to the share capital of the Company took place:

- (a) On 3rd July 2001, 8,790,616 new shares of the Company were issued at an issue price of HK\$3.225 each and credited as fully paid for the acquisition by a wholly-owned subsidiary of the Company of a further 30% interest in a subsidiary of the Group.
- (b) On 3rd July 2001, 2,121,140 new shares of the Company were issued at an issue price of HK\$3.225 each and credited as fully paid for the acquisition by a wholly-owned subsidiary of the Company of a further 12% interest in a subsidiary of the Group.

The new shares issued rank pari passu in all respects with the existing shares in issue at balance sheet date.

## 27 Reserves

### Group

|   | Contributed surplus | Share premium | Capital reserve | Investment properties revaluation reserve | Hotel properties revaluation reserve | Exchange reserve | Retained profit | Total      |
|---|---------------------|---------------|-----------------|---|--------------------------------------|------------------|-----------------|------------|
|   | HK\$'000            | HK\$'000      | HK\$'000        | HK\$'000                                  | HK\$'000                             | HK\$'000         | HK\$'000        | HK\$'000   |
| As at 30th June 1999                                | 14,751,973          | –             | –               | 337,009                                   | 5,327                                | 33,641           | 691,228         | 15,819,178 |
| Premium on issue of shares                          | –                   | 1,410,000     | –               | –   | –                                    | –                | –               | 1,410,000  |
| Share issue expenses                                | –                   | (175,213)     | –               | –   | –                                    | –                | –               | (175,213)  |
| Profit retained for the year                        | –                   | –             | –               | –   | –                                    | –                | 203,529         | 203,529    |
| Revaluation (deficit)/surplus                       |                     |               |                 |   |                                      |                  |                 |            |
| Company and subsidiaries                            | –                   | –             | –               | (34,689)                                  | –                                    | –                | –               | (34,689)   |
| Associated companies                                | –                   | –             | –               | 5,606                                     | 4,329                                | –                | –               | 9,935      |
| Jointly controlled entities                         | –                   | –             | –               | (203,816)                                 | (3,893)                              | –                | –               | (207,709)  |
| Goodwill written off on acquisition of a subsidiary | –                   | –             | (40,492)        | –   | –                                    | –                | –               | (40,492)   |
| Share of goodwill of a jointly controlled entity    | –                   | –             | (153,384)       | –   | –                                    | –                | –               | (153,384)  |
| Transfer to capital reserve                         | –                   | –             | 193,876         | –   | –                                    | –                | (193,876)       | –          |
| Translation difference                              | –                   | –             | –               | –   | –                                    | 10,987           | –               | 10,987     |
| As at 30th June 2000                                | 14,751,973          | 1,234,787     | –               | 104,110                                   | 5,763                                | 44,628           | 700,881         | 16,842,142 |
| Retained by:  |                     |               |                 |   |                                      |                  |                 |            |
| Company and subsidiaries                            | 14,751,973          | 1,234,787     | –               | 7,704                                     | –                                    | 7,246            | 1,390,749       | 17,392,459 |
| Associated companies                                | –                   | –             | –               | 68,552                                    | 4,485                                | 12,095           | (49,790)        | 35,342     |
| Jointly controlled entities                         | –                   | –             | –               | 27,854                                    | 1,278                                | 25,287           | (640,078)       | (585,659)  |
|   | 14,751,973          | 1,234,787     | –               | 104,110                                   | 5,763                                | 44,628           | 700,881         | 16,842,142 |

## 27 Reserves (continued)

### Group

|   | Contributed surplus | Share premium    | Capital reserve | Investment properties revaluation reserve | Hotel properties revaluation reserve | Exchange reserve | Retained profit  | Total             |
|---|---------------------|------------------|-----------------|---|--------------------------------------|------------------|------------------|-------------------|
|   | HK\$'000            | HK\$'000         | HK\$'000        | HK\$'000                                  | HK\$'000                             | HK\$'000         | HK\$'000         | HK\$'000          |
| As at 30th June 2000  | 14,751,973          | 1,234,787        | –               | 104,110                                   | 5,763                                | 44,628           | 700,881          | 16,842,142        |
| Premium on issue of shares  | –                   | 8,816            | –               | –   | –                                    | –                | –                | 8,816             |
| Profit retained for the year  | –                   | –                | –               | –   | –                                    | –                | 206,994          | 206,994           |
| Capital reserve on acquisition of additional interest in a subsidiary | –                   | –                | 108,682         | –   | –                                    | –                | –                | 108,682           |
| Goodwill written off on acquisition of a subsidiary                   | –                   | –                | (9,620)         | –   | –                                    | –                | –                | (9,620)           |
| Revaluation surplus/(deficit)   |                     |                  |                 |   |                                      |                  |                  |                   |
| Company and subsidiaries  | –                   | –                | –               | 33,820                                    | –                                    | –                | –                | 33,820            |
| Associated companies  | –                   | –                | –               | (10,734)                                  | (4,485)                              | –                | –                | (15,219)          |
| Jointly controlled entities   | –                   | –                | –               | 169,982                                   | 202                                  | –                | –                | 170,184           |
| Disposal of a subsidiary  | –                   | –                | –               | (9,071)                                   | –                                    | 12,372           | –                | 3,301             |
| Transfer to capital reserve   | –                   | –                | (99,062)        | –   | –                                    | –                | 99,062           | –                 |
| Translation difference  | –                   | –                | –               | –   | –                                    | (26,199)         | –                | (26,199)          |
| <b>As at 30th June 2001</b>   | <b>14,751,973</b>   | <b>1,243,603</b> | <b>–</b>        | <b>288,107</b>                            | <b>1,480</b>                         | <b>30,801</b>    | <b>1,006,937</b> | <b>17,322,901</b> |
| Retained by:  |                     |                  |                 |   |                                      |                  |                  |                   |
| Company and subsidiaries  | 14,751,973          | 1,243,603        | –               | 32,453                                    | –                                    | 13,948           | 1,676,456        | 17,718,433        |
| Associated companies  | –                   | –                | –               | 57,818                                    | –                                    | 12,095           | (61,527)         | 8,386             |
| Jointly controlled entities   | –                   | –                | –               | 197,836                                   | 1,480                                | 4,758            | (607,992)        | (403,918)         |
|   | 14,751,973          | 1,243,603        | –               | 288,107                                   | 1,480                                | 30,801           | 1,006,937        | 17,322,901        |



## 27 Reserves (continued)

### Company

|                                       | Contributed<br>surplus<br>(Note (i))<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Accumulated<br>loss<br>HK\$'000 | Total<br>HK\$'000 |
|---------------------------------------|--|------------------------------|---------------------------------|-------------------|
| Reserve arising from a reorganisation | 14,772,134                                       | –                            | –                               | 14,772,134        |
| Premium on issue of new shares        | –  | 1,410,000                    | –                               | 1,410,000         |
| Share issue expenses                  | –  | (175,213)                    | –                               | (175,213)         |
| Loss retained for the year            | –  | –                            | (55,649)                        | (55,649)          |
| As at 30th June 2000                  | 14,772,134                                       | 1,234,787                    | (55,649)                        | 15,951,272        |
| Premium on issue of new shares        | –  | 8,816                        | –                               | 8,816             |
| Loss retained for the year            | –  | –                            | (76,981)                        | (76,981)          |
| <b>As at 30th June 2001</b>           | <b>14,772,134</b>                                | <b>1,243,603</b>             | <b>(132,630)</b>                | <b>15,883,107</b> |

Notes:

- (i) The contributed surplus of the Company represents the excess of the consolidated net asset value of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange thereof as a result of a reorganisation took place in 1999.
- (ii) Under the Companies Law in the Cayman Islands, the contributed surplus and share premium are both distributable. Accordingly, distributable reserves of the Company amounts to HK\$15,883,107,000 (2000: HK\$15,951,272,000) as at 30th June 2001.

## 28 Bank and other borrowings

|   | Group<br>2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|---------------------------|------------------|
| Bank loans (note (i))                           |                           |                  |
| Secured   | 140,187                   | 261,682          |
| Unsecured                                       | 93,458                    | 373,440          |
| Loans from fellow subsidiaries (note (ii))      | 2,741,175                 | 1,764,400        |
| Loans from minority shareholders (note (iii))   | 332,403                   | 966,190          |
|   | <b>3,307,223</b>          | 3,365,712        |
| Current portion included in current liabilities | <b>(287,848)</b>          | (582,095)        |
|   | <b>3,019,375</b>          | 2,783,617        |

## 28 Bank and other borrowings (continued)

Notes:

- (i) The bank loans are repayable as follows:

|                               | Secured          |                  | Unsecured        |                  | Total            |                  |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                               | 2001<br>HK\$'000 | 2000<br>HK\$'000 | 2001<br>HK\$'000 | 2000<br>HK\$'000 | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Within one year               | –                | –                | –                | 373,440          | –                | 373,440          |
| Between one and<br>two years  | 140,187          | 28,037           | 93,458           | –                | 233,645          | 28,037           |
| Between two and<br>five years | –                | 233,645          | –                | –                | –                | 233,645          |
|                               | 140,187          | 261,682          | 93,458           | 373,440          | 233,645          | 635,122          |

- (ii) The loans from fellow subsidiaries are unsecured, bear interest ranging from three months HIBOR to 0.5% above LIBOR per annum. Except for loans of HK\$292,650,000 (2000: Nil) which are repayable after five years, the remaining balance is repayable within five years according to the respective loan agreements. A loan from a fellow subsidiary which amounted to HK\$208,655,000 at 30th June 2000 was repaid in June 2001.
- (iii) Except for loans of HK\$38,980,000 (2000: HK\$67,541,000) which are unsecured, bear interest ranging from 10% to 15% per annum (2000: 10% to 15% per annum) and have repayment terms as specified in the joint venture contracts, the remaining balance is unsecured, interest free and has no specific repayment terms.

## 29 Contingent liabilities

### Group

- (i) The Group has contingent liabilities of approximately HK\$844,307,000 (2000: HK\$865,979,000) relating to corporate guarantees given in respect of bank loan facilities extended to certain associated companies, jointly controlled entities and a fixed return joint venture. As at 30th June 2001, the Group's attributable portion of the outstanding amount under these bank loan facilities granted to the associated companies, jointly controlled entities and a fixed return joint venture was approximately HK\$549,044,000 (2000: HK\$367,646,000).
- (ii) The Group has contingent liabilities relating to counter-guarantees given to the ultimate holding company of approximately HK\$42,991,000 (2000: HK\$47,664,000) in respect of bank loan facilities extended to a fixed return joint venture of the Group in respect of which the ultimate holding company has given guarantees. As at 30th June 2001, the Group's attributable portion of the outstanding amounts under the bank loan facilities granted to the fixed return joint venture in respect of the counter-guarantees was HK\$42,991,000 (2000: HK\$47,664,000).
- (iii) As at 30th June 2000, the Group had contingent liabilities relating to counter-guarantees given to the ultimate holding company of approximately HK\$196,262,000 in respect of the bank loan facilities extended to a jointly controlled entity of the Group in respect of which the ultimate holding company has given guarantees and the Group's attributable portion of the outstanding amounts under the bank loan facilities granted to the jointly controlled entity in respect of the counter-guarantees was approximately HK\$137,383,000. The guarantee from the ultimate holding company and the counter-guarantees were both released during the year.

## 29 Contingent liabilities (continued)

### Company

- (i) The Company has contingent liabilities relating to corporate guarantees given in respect of bank loan facilities extended to certain subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures of approximately HK\$196,729,000 (2000: HK\$65,421,000), HK\$45,430,000 (2000: HK\$45,430,000), HK\$742,807,000 (2000: HK\$754,081,000) and HK\$48,000,000 (2000: nil) respectively.
- (ii) The Company has contingent liabilities relating to counter-guarantees given to the ultimate holding company of approximately HK\$42,991,000 (2000: HK\$617,366,000) in respect of the bank loan facilities extended to a fixed return joint venture (2000: a subsidiary, a jointly controlled entity and a fixed return joint venture) in respect of which the ultimate holding company has given guarantees.

## 30 Commitments

### (i) Capital expenditure commitments

- (a) The capital expenditure commitments of the Group and the Company are as follows:

|  | Group            |                  | Company          |                  |
|--|------------------|------------------|------------------|------------------|
|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Contracted but not provided for            |                  |                  |                  |                  |
| Fixed assets                               | –                | 2,048            | –                | 2,048            |
| Investments in jointly controlled entities | 142,971          | 202,248          | –                | –                |
| Investments in fixed return joint ventures | 15,600           | 76,244           | –                | –                |
|  | 158,571          | 280,540          | –                | 2,048            |
| Authorised but not contracted for          | –                | –                | –                | –                |
|  | 158,571          | 280,540          | –                | 2,048            |

- (b) The Group did not have any share of capital commitments of the jointly controlled entities themselves not included in (a) above (2000: Nil).

### 30 Commitments *(continued)*

#### (ii) Lease commitments

|   | Group            |                  | Company          |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Future aggregate minimum lease payments under non-cancellable operating lease in respect of land and building are as follows: |                  |                  |                  |                  |
| The first year  | 6,969            | 6,000            | 5,938            | 5,938            |
| The second to fifth years   | 1,030            | 5,938            | –                | 5,938            |
|   | <b>7,999</b>     | 11,938           | <b>5,938</b>     | 11,876           |

Pursuant to the revised Statement of Standard Accounting Practice No. 2.114, "Leases" which was issued by the Hong Kong Society of Accountants and became effective for accounting periods beginning on or after 1st July 2000, certain comparative figures have been restated.

#### (iii) Other commitments

As at 30th June 2001, the Group had issued performance guarantees amounting to HK\$166,228,000 (2000: HK\$107,069,000) in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of property projects developed by certain subsidiaries of the Group. Pursuant to the terms of the performance guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

### 31 Notes to consolidated cash flow statement

#### (a) Reconciliation of operating profit before financing to net cash inflow/(outflow) from operating activities

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Operating profit before financing  | 264,211          | 420,432          |
| Finance costs  | (69,996)         | (79,173)         |
| Interest income  | (155,979)        | (219,370)        |
| Interest expense   | 69,996           | 79,173           |
| Depreciation   | 10,942           | 7,724            |
| Amortisation of deferred expenditure   | 5,397            | 5,415            |
| Loss on disposal of fixed assets   | 21               | 1,483            |
| Gain on disposal of interest in a subsidiary   | (93,760)         | –                |
| Provision for diminution in value of properties held for<br>development and completed properties held for sale | 19,888           | –                |
| Exchange differences   | (6,250)          | 5,333            |
| Increase in properties held for/under development  | (197,932)        | (621,029)        |
| Increase in debtors, deposits and other receivables  | (140,675)        | (358,513)        |
| Decrease in amounts due from minority shareholders   | –                | 67,856           |
| Increase/(decrease) in amounts due to fellow subsidiaries  | 270,956          | (17,232)         |
| Increase/(decrease) in deposits received on sale of properties   | 204,483          | (23,639)         |
| Increase in creditors and accruals   | 48,243           | 191,764          |
| Net cash inflow/(outflow) from operating activities  | 229,545          | (539,776)        |

**31 Notes to consolidated cash flow statement** (continued)**(b) Acquisition of interests in subsidiaries**

|  | <b>2001</b>      | 2000     |
|--|------------------|----------|
|  | <b>HK\$'000</b>  | HK\$'000 |
| Net assets acquired  |                  |          |
| Fixed assets   | <b>2,675</b>     | –        |
| Debtors, deposits and other receivables                              | <b>57,405</b>    | –        |
| Properties under development   | <b>993,119</b>   | 205,728  |
| Completed properties held for sale                                   | <b>10,017</b>    | –        |
| Cash and bank balances   | <b>49,511</b>    | –        |
| Bank loans   | <b>(20,000)</b>  | –        |
| Creditors and accruals   | <b>(66,732)</b>  | (350)    |
|  | <b>1,025,995</b> | 205,378  |
| Interest originally held by the Group as jointly controlled entities | <b>(984,267)</b> | –        |
|  | <b>41,728</b>    | 205,378  |
| Goodwill on acquisition  | <b>9,620</b>     | 40,492   |
| Satisfied by cash  | <b>51,348</b>    | 245,870  |

**(c) Analysis of net outflow of cash and cash equivalents in respect of acquisition of subsidiaries**

|  | <b>2001</b>     | 2000      |
|--|-----------------|-----------|
|  | <b>HK\$'000</b> | HK\$'000  |
| Cash consideration   | <b>(51,348)</b> | (245,870) |
| Cash and bank balances acquired  | <b>49,511</b>   | –         |
| Net outflow of cash and cash equivalents in respect of acquisition of subsidiaries | <b>(1,837)</b>  | (245,870) |

The subsidiaries acquired during the year contributed HK\$101,038,000 (2000: Nil) of the Group's net operating cash flows, utilised HK\$152,483,000 (2000: HK\$39,228,000) for investing activities and received HK\$73,458,000 (2000: Nil) for financing activities. The subsidiaries did not pay nor receive any amounts in respect of returns on investments and servicing of finance and taxation (2000: Nil).

**31 Notes to consolidated cash flow statement** (continued)**(d) Disposal of interest in a subsidiary**

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Net assets disposed                          |                  |                  |
| Fixed assets                                 | 478,401          | –                |
| Debtors, deposits and other receivables      | 655              | –                |
| Cash and bank balances                       | 22,401           | –                |
| Creditors and accruals                       | (18,275)         | –                |
| Amount due to a fellow subsidiary            | (85,178)         | –                |
| Bank loans                                   | (74,766)         | –                |
| Minority interest                            | (8,587)          | –                |
|  | 314,651          | –                |
| Gain on disposal of interest in a subsidiary | 93,760           | –                |
| Consideration satisfied by cash              | 408,411          | –                |

**(e) Analysis of net inflow of cash and cash equivalents in respect of disposal of a subsidiary**

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Cash consideration   | 408,411          | –                |
| Cash and bank balances disposed  | (22,401)         | –                |
| Net inflow of cash and cash equivalents in respect of disposal of a subsidiary | 386,010          | –                |

**(f) Major non-cash transaction**

During the year, the Group acquired additional 49% interest in a 51% subsidiary of the Group at a consideration of HK\$406,624,310. The consideration was satisfied by HK\$90,000,000 in cash and the remaining balance was set-off against an outstanding amount of HK\$316,624,310 due and payable by the vendor to the Group.

### 31 Notes to consolidated cash flow statement *(continued)*

#### (g) Analysis of changes in financing during the year

|  | Share capital,<br>share<br>premium<br>and<br>contributed<br>surplus<br>HK\$'000 | Amount<br>due from<br>ultimate<br>holding<br>company<br>HK\$'000 | Short term<br>loans<br>HK\$'000 | Long term<br>bank and<br>other<br>borrowings<br>HK\$'000 | Restricted<br>cash and<br>bank<br>balances<br>HK\$'000 | Minority<br>interests<br>HK\$'000 | Total<br>HK\$'000 |
|--|---|--|---------------------------------|--|--|-----------------------------------|-------------------|
| Balance at 30th June 1999                              | 14,883,350  | (311,785)  | 394,153                         | 2,873,621  | –  | 126,126                           | 17,965,465        |
| Net cash inflow/(outflow) from<br>financing            | 1,249,787   | 311,785  | 154,819                         | 372,849  | (300,024)  | 716                               | 1,789,932         |
| Minority interests' share of profit<br>and reserves    | –   | –  | –                               | –  | –  | (8,303)                           | (8,303)           |
| Accrual of interest payable                            | –   | –  | –                               | 119,242  | –  | –                                 | 119,242           |
| Balance at 30th June 2000                              | 16,133,137  | –  | 548,972                         | 3,365,712  | (300,024)  | 118,539                           | 19,866,336        |
| Net cash inflow/(outflow) from<br>financing            | 9,290   | –  | 307,691                         | 475,563  | (449,109)  | 31,656                            | 375,091           |
| Minority interests' share of loss<br>and reserves      | –   | –  | –                               | –  | –  | (2,041)                           | (2,041)           |
| Acquisition of subsidiaries                            | –   | –  | 20,000                          | –  | –  | –                                 | 20,000            |
| Acquisition of additional interests in<br>subsidiaries | –   | –  | –                               | (642,630)  | –  | (76,689)                          | (719,319)         |
| Disposal of a subsidiary                               | –   | –  | (74,766)                        | –  | –  | (8,587)                           | (83,353)          |
| Accrual of interest payable                            | –   | –  | –                               | 108,578  | –  | –                                 | 108,578           |
| <b>Balance at 30th June 2001</b>                       | <b>16,142,427</b>   | <b>–</b>   | <b>801,897</b>                  | <b>3,307,223</b>   | <b>(749,133)</b>                                       | <b>62,878</b>                     | <b>19,565,292</b> |



### 32 Related party transactions

The following is a summary of significant related party transactions during the year carried out by the Group in the normal course of its business:

| (i)  | Note | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------|------------------|------------------|
| Interest on loans from fellow subsidiaries             | (a)  | 106,407          | 114,241          |
| Rental for leased premises                             | (b)  | 4,685            | 5,046            |
| Guarantee fee paid to ultimate holding company         | (c)  | 5,290            | 12,904           |
| Estate management fee income from a fellow subsidiary  | (d)  | (2,019)          | (1,744)          |
| Interest income from jointly controlled entities       | (e)  | (8,004)          | (55,356)         |
| Management fee income from jointly controlled entities | (f)  | (819)            | (35,875)         |

Notes:

- (a) Interest is charged at rates as specified in note 28(ii) on the outstanding balances due to certain fellow subsidiaries.
- (b) The rental is charged at a fixed monthly fee in accordance with the terms of the tenancy agreement.
- (c) The guarantee fee is charged at 2% per annum on the average daily amount outstanding of the loan facility on which the ultimate holding company has provided the guarantee.
- (d) The estate management fee is charged at the amount to the fellow subsidiary as specified in the management contract.
- (e) This represents interest income in respect of loan financing provided to jointly controlled entities. These loans are unsecured and carry interest at fixed rates as specified in note 16.
- (f) This represents management fee income in respect of management and consultancy services rendered to certain jointly controlled entities and is charged at fixed amounts as specified in the relevant joint venture contracts.
- (ii) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain of the Group's property projects and payable to certain fellow subsidiaries amount to HK\$142,275,000 (2000: HK\$39,794,000). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (iii) Certain subsidiaries in the PRC have entered into various contracts with the PRC partners or their supervisory authority for site clearance, demolition, and resettlement of existing tenants from the sites of the property development projects on the basis of fixed contract sums with overrun costs being wholly borne by the respective PRC partners. The aggregate contract sums under these contracts amount to approximately HK\$157.3 million (2000: HK\$157.3 million) of which approximately HK\$117.7 million (2000: HK\$117.7 million) had been incurred as at 30th June 2001.
- (iv) A deed of tax indemnity was entered into between NWD and the Group whereby NWD undertakes to indemnify the Group in respect of IT and LAT payable in consequence of the disposal of certain properties (note 10).
- (v) During the year, the Group disposed of its entire interest in a subsidiary to a fellow subsidiary for a cash consideration of HK\$408,411,215, resulting in a gain on disposal of HK\$93,760,000 (note 4).

### 32 Related party transactions *(continued)*

The following is a summary of other significant related party transactions during the year carried out by associated companies and jointly controlled entities of the Group in the normal course of their business:

- (i) Total fees for the provision of project management, construction and engineering consultancy services in respect of certain property projects of the jointly controlled entities of the Group and payable to certain fellow subsidiaries amount to HK\$156.1 million (2000: HK\$307.5 million). Such fees are charged at fixed amounts in accordance with the terms of the respective contracts.
- (ii) Certain associated companies and jointly controlled entities in the PRC have entered into various contracts with the PRC partners or their supervisory authority for site clearance, demolition, and resettlement of existing tenants from the sites of the property development projects on the basis of fixed contract sums with overrun costs being wholly borne by the respective PRC partners. The aggregate contract sums under these contracts amount to approximately HK\$2,746.6 million (2000: HK\$2,640.0 million) of which approximately HK\$2,558.1 million (2000: HK\$2,462.8 million) had been incurred as at 30th June 2001.
- (iii) Certain associated companies of the Group have entered into loan agreements with a fellow subsidiary. These loan balances amount to US\$52,730,000 (2000: US\$52,730,000), bear interest ranging from 0.5% above LIBOR to 15% per annum (2000: 15% per annum) and have repayment terms as specified in the loan agreements. The total interest charged for the year ended 30th June 2001 by the fellow subsidiary and included as part of the development costs of properties developed by these associated companies was HK\$45.2 million (2000: HK\$63.3 million).

### 33 Significant jointly controlled entities

Set out below is a summary of the financial information of three significant jointly controlled entities whose principal activity is the investment in a property development project in Beijing.

#### (1) Beijing Chong Wen – New World Properties Development Co., Ltd.

##### (a) Results for the year

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Turnover                                 | 47,408           | 20,150           |
| Operating profit/(loss)                  | 21,003           | (28,028)         |
| Group's share of operating profit/(loss) | 12,182           | (16,256)         |

### 33 Significant jointly controlled entities (continued)

#### (1) Beijing Chong Wen – New World Properties Development Co., Ltd. (continued)

(b) Net assets as at year end

|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|------------------|------------------|
| Fixed assets  | 1,207,504        | 1,227,408        |
| Other assets  | 2,977,572        | 2,150,655        |
| Current assets  | 359,412          | 310,184          |
| Current liabilities   | (273,156)        | (290,472)        |
| Long term liabilities (other than amounts due to the Group) | (976,479)        | (400,652)        |
|   | <b>3,294,853</b> | 2,997,123        |

#### (2) Beijing Chong Yu Real Estate Development Co., Ltd.

(a) Results for the year

|                                 | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---------------------------------|------------------|------------------|
| Turnover                        | 122,120          | 158,007          |
| Operating loss                  | (9,813)          | (26,983)         |
| Group's share of operating loss | (6,869)          | (18,888)         |

(b) Net assets as at year end

|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|------------------|------------------|
| Fixed assets  | 1,209,495        | 1,209,549        |
| Other assets  | 1,040,166        | 798,638          |
| Current assets  | 709,903          | 774,538          |
| Current liabilities   | (667,043)        | (641,524)        |
| Long term liabilities (other than amounts due to the Group) | (558,855)        | (437,504)        |
|   | <b>1,733,666</b> | 1,703,697        |

### 33 Significant jointly controlled entities (continued)

#### (3) China New World Electronics Ltd.

(a) Results for the year

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Turnover                                 | 31,663           | 11,610           |
| Operating profit/(loss)                  | 35,561           | (35,817)         |
| Group's share of operating profit/(loss) | 24,893           | (25,072)         |

(b) Net assets as at year end

|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|------------------|------------------|
| Fixed assets  | 783,082          | 795,328          |
| Other assets  | 848,424          | 874,282          |
| Current assets  | 65,443           | 49,510           |
| Current liabilities   | (253,764)        | (299,700)        |
| Long term liabilities (other than amounts due to the Group) | -                | -                |
|   | 1,443,185        | 1,419,420        |

### 34 Ultimate holding company

The directors of the Company consider New World Development Company Limited, incorporated and listed in Hong Kong, as being the ultimate holding company.

### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures

Details of the principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures which materially affect the results for the year and/or assets of the Group as at 30th June 2001 are set out below:

| Company name                                  | Issued/registered and fully paid up share capital  | Attributable interest held<br>(note 1) |      |              |       | Principal activities |
|---|--|--|------|--------------|-------|----------------------|
|   |  | By the Company                         |      | By the Group |       |                      |
|   |  | 2001                                   | 2000 | 2001         | 2000  |                      |
| <b>Subsidiaries</b>                           |  |  |      |              |       |                      |
| <i>Incorporated and operated in Hong Kong</i> |  |  |      |              |       |                      |
| Billion Huge (International) Limited          | HK\$950,001<br>950,001 ordinary shares of HK\$1 each   | –                                      | –    | 100%         | 100%  | Investment holding   |
| Billion Park Investment Limited               | HK\$1,000,000<br>1,000,000 ordinary shares of HK\$1 each   | –                                      | –    | 78.6%        | 78.6% | Investment holding   |
| China Joy International Limited               | HK\$2<br>2 ordinary shares of HK\$1 each   | –                                      | –    | 100%         | 100%  | Investment holding   |
| Lingal Limited                                | HK\$2,000<br>1,800 ordinary shares of HK\$1 each<br>200 non-voting deferred shares of HK\$1 each | –                                      | –    | 100%         | 100%  | Investment holding   |
| Max Charm Investment Limited                  | HK\$2<br>2 ordinary shares of HK\$1 each   | –                                      | –    | 100%         | 100%  | Investment holding   |

### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures (continued)

| Company name  | Issued/registered and fully paid up share capital                                      | Attributable interest held<br>(note 1) |      |              |      | Principal activities |
|---|--|--|------|--------------|------|----------------------|
|   |  | By the Company                         |      | By the Group |      |                      |
|   |  | 2001                                   | 2000 | 2001         | 2000 |                      |
| <b>Subsidiaries</b> (continued)                           |  |  |      |              |      |                      |
| <i>Incorporated and operated in Hong Kong (continued)</i> |  |  |      |              |      |                      |
| New World Development (China) Limited                     | HK\$4<br>2 ordinary shares of HK\$1 each<br>2 non-voting deferred shares of HK\$1 each | 100%                                   | 100% | 100%         | 100% | Investment holding   |
| Sunny Trend Development Limited                           | HK\$2<br>2 ordinary shares of HK\$1 each   | –                                      | –    | 100%         | 100% | Investment holding   |
| Trend Island Limited                                      | HK\$2<br>2 ordinary shares of HK\$1 each   | –                                      | –    | 100%         | 100% | Investment holding   |
| <i>Incorporated in the British Virgin Islands</i>         |  |  |      |              |      |                      |
| Banyan Developments Limited                               | US\$1<br>1 share of US\$1  | –                                      | –    | 100%         | 100% | Investment holding   |
| Conful Enterprises Limited                                | US\$1<br>1 share of US\$1  | –                                      | –    | 100%         | 100% | Investment holding   |
| Ever Brisk Limited  | US\$1<br>1 share of US\$1  | –                                      | –    | 100%         | 100% | Investment holding   |

### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures (continued)

| Company name  | Issued/registered and fully paid up share capital | Attributable interest held<br>(note 1) |      |              |      | Principal activities |
|---|---|--|------|--------------|------|----------------------|
|   |   | By the Company                         |      | By the Group |      |                      |
|   |   | 2001                                   | 2000 | 2001         | 2000 |                      |
| <b>Subsidiaries</b> (continued)                               |   |  |      |              |      |                      |
| <i>Incorporated in the British Virgin Islands (continued)</i> |   |  |      |              |      |                      |
| Hinto Developments Limited                                    | US\$1<br>1 share of US\$1                         | –                                      | –    | 100%         | 100% | Investment holding   |
| Kiwi Profits Limited  | US\$10<br>10 shares of US\$1 each                 | –                                      | –    | 100%         | 70%  | Investment holding   |
| Magic Chance Limited  | US\$1<br>1 share of US\$1                         | –                                      | –    | 100%         | 100% | Investment holding   |
| Radiant Glow Limited  | US\$1<br>1 share of US\$1                         | –                                      | –    | 100%         | 100% | Investment holding   |
| Sparkling Rainbow Limited                                     | US\$1<br>1 share of US\$1                         | –                                      | –    | 100%         | 100% | Investment holding   |
| Steady Profits Limited  | US\$1<br>1 share of US\$1                         | –                                      | –    | 100%         | 100% | Investment holding   |
| Sweet Prospects Enterprises Limited                           | US\$1<br>1 share of US\$1                         | –                                      | –    | 100%         | 100% | Investment holding   |
| Team Foundation Limited                                       | US\$1<br>1 share of US\$1                         | –                                      | –    | 100%         | 100% | Investment holding   |

### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures (continued)

| Company name  | Issued/registered and fully paid up share capital  | Attributable interest held<br>(note 1) |      |              |      | Principal activities |
|---|--|--|------|--------------|------|----------------------|
|   |  | By the Company                         |      | By the Group |      |                      |
|   |  | 2001                                   | 2000 | 2001         | 2000 |                      |
| <b>Subsidiaries</b> (continued)                                     |  |  |      |              |      |                      |
| <i>Incorporated in the British Virgin Islands (continued)</i>       |  |  |      |              |      |                      |
| True Blue Developments Limited                                      | US\$1<br>1 share of US\$1  | –                                      | –    | 100%         | 100% | Investment holding   |
| Twin Glory Investments Limited                                      | US\$1<br>1 share of US\$1  | –                                      | –    | 100%         | 100% | Investment holding   |
| <i>Incorporated in the Cayman Islands and operated in Hong Kong</i> |  |  |      |              |      |                      |
| NW China Homeowner Development Limited                              | US\$23,639<br>364,125 shares of US\$0.01 each<br>4,999,800 shares of US\$0.01 each 40% called up | –                                      | –    | 100%         | 100% | Investment holding   |
| <i>Incorporated and operated in the PRC</i>                         |  |  |      |              |      |                      |
| Beijing Lingal Real Estates Development Co., Ltd.                   | US\$13,000,000   | –                                      | –    | 100%         | 100% | Property development |
| Dalian New World Plaza International Co., Ltd.                      | RMB58,000,000  | –                                      | –    | 88%          | 88%  | Property investment  |
| Fung Seng Real Estate Development (Shanghai) Co., Ltd.              | US\$10,000,000   | –                                      | –    | 80%          | 80%  | Property development |



### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures (continued)

| Company name  | Issued/registered and fully paid up share capital | Attributable interest held<br>(note 1) |      |              |       | Principal activities                |
|---|---|--|------|--------------|-------|-------------------------------------|
|   |   | By the Company                         |      | By the Group |       |                                     |
|   |   | 2001                                   | 2000 | 2001         | 2000  |                                     |
| <b>Subsidiaries</b> (continued)                         |   |  |      |              |       |                                     |
| <i>Incorporated and operated in the PRC (continued)</i> |   |  |      |              |       |                                     |
| 廣州新翊房地產發展有限公司   | HK\$286,000,000                                   | –                                      | –    | 90.5%        | 90.5% | Property development                |
| 廣州新華晨房地產有限公司  | RMB200,000,000                                    | –                                      | –    | 100%         | 45%   | Property development                |
| 廣州新華建房地產有限公司  | RMB244,000,000                                    | –                                      | –    | 100%         | 90%   | Property development                |
| Nanjing Huawei Real Estate Development Co., Ltd.        | US\$12,000,000                                    | –                                      | –    | 92%          | 48%   | Property development                |
| New World Anderson (Tianjin) Development Co., Ltd.      | US\$10,000,000                                    | –                                      | –    | 100%         | 51%   | Property investment and development |
| New World (Shenyang) Property Development Limited       | RMB97,720,000                                     | –                                      | –    | 90%          | 90%   | Property development                |
| New World (Shenyang) Property Development No. 2 Limited | RMB97,720,000                                     | –                                      | –    | 90%          | 90%   | Property development                |
| New World (Shenyang) Property Development No. 3 Limited | RMB99,320,000                                     | –                                      | –    | 90%          | 90%   | Property development                |
| New World (Shenyang) Property Development No. 4 Limited | RMB97,720,000                                     | –                                      | –    | 90%          | 90%   | Property development                |

### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures (continued)

| Company name  | Issued/registered and fully paid up share capital | Attributable interest held<br>(note 1) |      |              |      | Principal activities |
|---|---|--|------|--------------|------|----------------------|
|   |   | By the Company                         |      | By the Group |      |                      |
|   |   | 2001                                   | 2000 | 2001         | 2000 |                      |
| <b>Subsidiaries</b> (continued)                         |   |  |      |              |      |                      |
| <i>Incorporated and operated in the PRC (continued)</i> |   |  |      |              |      |                      |
| New World (Shenyang) Property Development No. 5 Limited | RMB99,320,000                                     | –                                      | –    | 90%          | 90%  | Property development |
| New World (Shenyang) Property Development No. 6 Limited | RMB97,720,000                                     | –                                      | –    | 90%          | 90%  | Property development |
| Shanghai Ramada Plaza Ltd.                              | US\$34,000,000                                    | –                                      | –    | 57%          | 57%  | Property development |
| Shanghai Heyu Properties Co., Ltd.                      | US\$12,000,000                                    | –                                      | –    | 64%          | 64%  | Property development |
| Shanghai Ju Yi Real Estate Development Co., Ltd.        | RMB350,000,000                                    | –                                      | –    | 80%          | 80%  | Property development |
| Shenzhen Top One Real Estate Development Co., Ltd.      | HK\$60,000,000                                    | –                                      | –    | 70%          | 70%  | Property development |
| Wuhan New Eagle Development Co., Limited                | US\$10,000,000                                    | –                                      | –    | –            | 95%  | Property investment  |
| Wuhan New Eagle Enterprises Co., Limited                | US\$2,830,000                                     | –                                      | –    | 95%          | –    | Property investment  |

### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures (continued)

| Company name                                      | Issued/registered and fully paid up share capital        | Attributable interest held<br>(note 1) |      |              |       | Principal activities |
|---|--|--|------|--------------|-------|----------------------|
|   |  | By the Company                         |      | By the Group |       |                      |
|   |  | 2001                                   | 2000 | 2001         | 2000  |                      |
| <b>Associated companies</b>                       |  |  |      |              |       |                      |
| <i>Incorporated and operated in Hong Kong</i>     |  |  |      |              |       |                      |
| Global Perfect Development Limited                | HK\$1,000,000<br>1,000,000 ordinary shares of HK\$1 each | –                                      | –    | 50%          | 50%   | Investment holding   |
| Niceline Company Limited                          | HK\$1,000<br>1,000 ordinary shares of HK\$1 each         | –                                      | –    | 35%          | 24.5% | Investment holding   |
| Sun City Holdings Limited                         | HK\$8,000,000<br>8,000,000 ordinary shares of HK\$1 each | –                                      | –    | 30.6%        | 30.6% | Investment holding   |
| <i>Incorporated in the British Virgin Islands</i> |  |  |      |              |       |                      |
| Grand Make International Limited                  | US\$100<br>100 shares of US\$1 each                      | –                                      | –    | 45%          | 45%   | Investment holding   |
| Sinclair Profits Limited                          | US\$10<br>10 shares of US\$1 each                        | –                                      | –    | 50%          | 35%   | Investment holding   |
| Fortune Star Worldwide Limited                    | US\$100<br>100 shares of US\$1 each                      | –                                      | –    | 40%          | 40%   | Investment holding   |

### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures (continued)

| Company name   | Issued/registered and fully paid up share capital     | Attributable interest held<br>(note 1) |      |              |       | Principal activities |
|--|---|--|------|--------------|-------|----------------------|
|  |   | By the Company                         |      | By the Group |       |                      |
|  |   | 2001                                   | 2000 | 2001         | 2000  |                      |
| <b>Associated companies</b> (continued)                    |   |  |      |              |       |                      |
| <i>Incorporated and operated in the PRC</i>                |   |  |      |              |       |                      |
| Beijing Chang Le Real Estates Development Co., Ltd.        | US\$12,000,000  | –                                      | –    | 35%          | 24.5% | Property development |
| Beijing Fu Wah Real Estates Development Co., Ltd.          | US\$8,000,000   | –                                      | –    | 35%          | 24.5% | Property development |
| Beijing Niceline Real Estates Development Co., Ltd.        | US\$8,000,000   | –                                      | –    | 35%          | 24.5% | Property development |
| Beijing Po Garden Real Estates Development Co., Ltd.       | US\$12,000,000  | –                                      | –    | 35%          | 24.5% | Property development |
| Shanghai New World Huai Hai Property Development Co., Ltd. | US\$70,000,000  | –                                      | –    | 44.1%        | 44.1% | Property development |
| <b>Jointly controlled entities</b>                         |   |  |      |              |       |                      |
| <i>Incorporated and operated in Hong Kong</i>              |   |  |      |              |       |                      |
| Golden World Enterprises (Wuhan) Limited                   | HK\$10,000<br>10,000 ordinary shares<br>of HK\$1 each | –                                      | –    | 30%          | 30%   | Investment holding   |
| Maxfine Development Limited                                | HK\$9,150<br>9,150 ordinary shares<br>of HK\$1 each   | –                                      | –    | 33.3%        | 33.3% | Investment holding   |

### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures (continued)

| Company name   | Issued/registered and fully paid up share capital | Attributable interest held<br>(note 1) |      |              |              | Principal activities                |
|--|---|--|------|--------------|--------------|-------------------------------------|
|  |   | By the Company                         |      | By the Group |              |                                     |
|  |   | 2001                                   | 2000 | 2001         | 2000         |                                     |
| <b>Jointly controlled entities</b> (continued)               |   |  |      |              |              |                                     |
| New World Sun City Limited                                   | HK\$1,000<br>1,000 ordinary shares of HK\$1 each  | –                                      | –    | 49.2%        | 49.2%        | Investment holding                  |
| <i>Incorporated in the British Virgin Islands</i>            |   |  |      |              |              |                                     |
| Concord Properties Holding (Guangzhou) Limited               | US\$10<br>10 shares of US\$1 each                 | –                                      | –    | 40%          | 40%          | Investment holding                  |
| Cyber China Inc.   | US\$100<br>100 shares of US\$1 each               | –                                      | –    | 50%          | 50%          | Investment holding                  |
| <i>Incorporated and operated in the PRC</i>                  |   |  |      |              |              |                                     |
| Beijing Chong Wen-New World Properties Development Co., Ltd. | US\$104,100,000                                   | –                                      | –    | 58% –<br>70% | 58% –<br>70% | Property investment and development |
| Beijing Chong Yu Real Estate Development Co., Ltd.           | US\$81,840,000                                    | –                                      | –    | 70%          | 70%          | Property investment and development |
| 北京新康房地產發展有限公司  | US\$12,000,000                                    | –                                      | –    | 70%          | 70%          | Property development                |
| Beijing Xin Lian Hotel Co., Ltd.                             | US\$12,000,000                                    | –                                      | –    | 59%          | 59%          | Hotel operation                     |

### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures (continued)

| Company name  | Issued/registered and fully paid up share capital | Attributable interest held<br>(note 1) |      |              |       | Principal activities                |
|---|---|--|------|--------------|-------|-------------------------------------|
|   |   | By the Company                         |      | By the Group |       |                                     |
|   |   | 2001                                   | 2000 | 2001         | 2000  |                                     |
| <b>Jointly controlled entities</b> (continued)          |   |  |      |              |       |                                     |
| <i>Incorporated and operated in the PRC (continued)</i> |   |  |      |              |       |                                     |
| China New World Electronics Ltd.                        | US\$20,000,000                                    | –                                      | –    | 70%          | 70%   | Property investment and development |
| Dongguan New World Garden Trade Construction Co., Ltd.  | US\$12,000,000                                    | –                                      | –    | 38%          | 38%   | Property development                |
| Dongguan New World Square Trade Construction Co., Ltd.  | US\$12,000,000                                    | –                                      | –    | 38%          | 38%   | Property development                |
| Guangzhou Cosmart Estate Development Limited            | HK\$48,000,000                                    | –                                      | –    | 60%          | 60%   | Property development                |
| 廣州芳村—新世界房地產發展有限公司                                       | RMB330,000,000                                    | –                                      | –    | 60%          | 60%   | Property development                |
| 廣州富城房地產發展有限公司   | HK\$80,000,000                                    | –                                      | –    | 60%          | 60%   | Property development                |
| Jinan New World Sunshine Development Ltd.               | US\$10,000,000                                    | –                                      | –    | 65%          | 65%   | Property development                |
| Shanghai Jianmei Property Development Co., Ltd.         | US\$10,000,000                                    | –                                      | –    | 30%          | 30%   | Property development                |
| Shanghai Trio Property Development Co., Ltd.            | US\$75,000,000                                    | –                                      | –    | 34.2%        | 34.2% | Property development                |

### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures (continued)

| Company name  | Issued/registered and fully paid up share capital | Attributable interest held<br>(note 1) |      |              |      | Principal activities   |
|---|---|--|------|--------------|------|------------------------|
|   |   | By the Company                         |      | By the Group |      |                        |
|   |   | 2001                                   | 2000 | 2001         | 2000 |                        |
| <b>Jointly controlled entities</b> (continued)          |   |  |      |              |      |                        |
| <i>Incorporated and operated in the PRC (continued)</i> |   |  |      |              |      |                        |
| Shenyang New World Lumingchun Building Co., Ltd.        | RMB68,000,000                                     | –                                      | –    | 70%          | 70%  | Hotel operation        |
| Shenzhen Topping Real Estate Development Co., Ltd.      | HK\$182,000,000                                   | –                                      | –    | 70%          | 70%  | Property investment    |
| Shijiazhuang New World Industry Co., Ltd.               | RMB88,000,000                                     | –                                      | –    | 55%          | 55%  | Property investment    |
| Tianjin New World Properties Development Co., Ltd.      | US\$12,000,000                                    | –                                      | –    | 70%          | 70%  | Property redevelopment |
| Wuhan Taibei & New World Hotel Co., Ltd.                | US\$14,160,000                                    | –                                      | –    | 50%          | 50%  | Hotel operation        |
| 武漢武新物業有限公司  | RMB15,000,000                                     | –                                      | –    | 50%          | 50%  | Land development       |
| Wuhan Xinhua Development Co., Ltd.                      | RMB30,000,000                                     | –                                      | –    | 50%          | 50%  | Property development   |

### 35 Particulars of principal subsidiaries, associated companies, jointly controlled entities and fixed return joint ventures (continued)

| Company name                                    | Issued/registered and fully paid up share capital | Attributable interest held<br>(note 1) |      | By the Group | Principal activities                      |
|---|---|--|------|--------------|---|
|   |   | By the Company<br>2001                 | 2000 |              |   |
| <b>Fixed return joint ventures</b>              |   |  |      |              |   |
| <i>Incorporated and operated in the PRC</i>     |   |  |      |              |   |
| 廣州恒盛房地產發展有限公司                                   | RMB99,600,000                                     | –                                      | –    | note 2       | Development of low-cost community housing |
| 廣州集賢庄新世界城市花園發展有限公司                              | US\$24,000,000                                    | –                                      | –    | note 2       | Development of low-cost community housing |
| Huizhou New World Housing Development Limited   | RMB80,000,000                                     | –                                      | –    | note 2       | Development of low-cost community housing |
| Tianjin New World Housing Development Co., Ltd. | RMB80,000,000                                     | –                                      | –    | note 2       | Development of low-cost community housing |
| Wuhan New World Housing Development Limited     | RMB96,000,000                                     | –                                      | –    | note 2       | Development of low-cost community housing |

Notes:

- (1) Represent equity interest in case of companies incorporated outside the PRC or the percentage of equity interest in case of equity joint ventures or profit sharing ratio in accordance with the joint venture contracts in case of co-operative joint ventures in the PRC.
- (2) The Group is entitled to a fixed rate return which is predetermined in accordance with the provisions of the joint venture contracts in respect of development of low-cost community housing.

### 36 Approval of accounts

The accounts were approved by the board of directors on 10th October 2001.