

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

a. Statement of compliance

These accounts have been prepared in accordance with all applicable Statements of Standard Accounting Practice and Interpretations issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the principal accounting policies adopted by the Group is set out below.

b. Basis of preparation of the accounts

The measurement basis used in the preparation of the accounts is historical cost modified by the revaluation of investment properties and land and buildings, and the marking to market of certain investments in securities as explained in the accounting policies set out below.

c. Basis of consolidation

- i. The consolidated accounts include the accounts of the Company and all its subsidiaries ("the Group") made up to December 31 each year. All material inter-company transactions and balances are eliminated on consolidation.
- ii. Results of new subsidiaries are included from the respective dates of acquisition. Results of subsidiaries disposed of during the year are included up to the respective dates of disposal.
- iii. Goodwill/capital reserve arising on consolidation, representing the excess/shortfall of the cost of investments in subsidiaries and associates over the appropriate share of the fair value of the net tangible assets at the date of acquisition, is taken to reserves in the year in which it arises. On disposal of a subsidiary or an associate, the attributable amount of goodwill/capital reserve is included in calculating the profit or loss on disposal.

d. Investments in subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investments in subsidiaries in the Company's balance sheet are stated at cost less any provisions for diminution in value which are other than temporary as determined by the Directors for each subsidiary individually. Any such provisions are recognised as an expense in the Company's profit and loss account.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

e. Associates

An associate is a company in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated accounts under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets. The consolidated profit and loss account reflects the Group's share of the post-acquisition results of the associates for the year.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is evidence of impairment in value of the assets transferred, the unrealised losses will be recognised immediately in the consolidated profit and loss account.

f. Fixed assets

i. Investment properties

Investment properties are defined as properties which are income producing and intended to be held for the long term. Such properties are included in the balance sheet at their open market value, which is assessed annually by external qualified valuers. Changes in the value of investment properties are dealt with as movements in the investment properties revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the consolidated profit and loss account. On disposal of investment properties, the revaluation surplus or deficit previously taken to the investment properties revaluation reserve is included in calculating the profit or loss on disposal. Investment properties with an unexpired lease term of 20 years or less are stated at carrying value less accumulated depreciation.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

f. Fixed assets (Continued)

ii. Properties under or held for redevelopment

Properties under or held for redevelopment for investment purposes are stated at cost, including borrowing costs, or carrying value, less such provisions for impairment in value as reviewed from time to time and considered necessary by the Directors. These properties are reclassified as investment properties upon issue of the occupation permit.

In preparing these accounts, the Group has relied on the transitional provision set out in paragraph 72 of Statement of Standard Accounting Practice 17 "Property, Plant and Equipment" issued by the Hong Kong Society of Accountants with the effect that certain properties under or held for redevelopment for investment purposes owned by the Group at December 31, 1994 are stated at professional valuation as at that date plus subsequent capital expenditure at cost less provision for impairment in value considered necessary by the Directors. Such properties have not been revalued to their fair value at the balance sheet date and will not be revalued in future years until they are reclassified as investment properties upon completion of the redevelopment. Subsequent provisions for impairment in value will first be set off against the related revaluation reserve previously recognised on an individual property basis, if any, and thereafter will be recognised in the consolidated profit and loss account.

All development costs including borrowing costs are capitalised up to the date of practical completion.

iii. Hotel and club properties

Hotel and club properties are stated at their open market value based on an annual professional valuation.

iv. Broadcasting and communications equipment

Broadcasting and communications equipment is stated at cost less accumulated depreciation. Cost includes materials, labour and an appropriate proportion of overheads and borrowing costs directly attributable to the acquisition, construction or production of such equipment which necessarily takes a substantial period of time to get ready for its intended use.

v. Other properties and fixed assets

Other properties and fixed assets are stated at cost less accumulated depreciation.

vi. The carrying amounts of fixed assets are reviewed regularly to assess whether their recoverable amounts have declined below their carrying amounts. When such a decline has occurred, their carrying value is reduced to their recoverable amount. Recoverable amount is the amount which the Group expects to recover from the future use of the asset, including its residual value on disposal. The amount of the reduction is charged to the profit and loss account.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

g. Depreciation of fixed assets

i. Investment properties

No depreciation is provided in respect of investment properties with an unexpired lease term of more than 20 years since the valuation takes into account the state of each building at the date of valuation. Where the Group confidently anticipates being able to renew a lease upon its expiry, the renewable period is included in the unexpired term for this purpose. The carrying amount of investment properties with an unexpired lease term of 20 years or less is depreciated on a straight line basis over the remaining term of the lease.

ii. Properties under or held for redevelopment

No depreciation is provided on properties under or held for redevelopment.

iii. Hotel and club properties

No depreciation is provided on hotel and club properties on leases with 20 years or more to run at the balance sheet date or on their integral fixed plant. It is the Group's practice to maintain these assets in a continuous state of sound repair and to make improvements thereto from time to time and, accordingly, the Directors consider that, given the estimated lives of these assets and their residual values, any depreciation would be immaterial. Such expenditure on repairs and improvements is dealt with through the planned maintenance provision account. Where the Group confidently anticipates being able to renew a lease upon its expiry, the renewable period is included in the unexpired term for this purpose. The carrying amount of hotel and club properties with an unexpired lease term of 20 years or less is depreciated on a straight line basis over the remaining term of the lease.

iv. Broadcasting and communications equipment

Depreciation is provided on a straight line basis on the cost of the equipment at rates determined by the estimated useful lives of the assets of two to 20 years. Additional amounts are provided against such equipment for obsolescence as considered necessary by the Directors.

v. Other properties and fixed assets

Depreciation is provided on the cost of the leasehold land of all other properties over the unexpired period of the lease. Construction costs of the buildings thereon are depreciated on a straight line basis at 2.5 per cent per annum.

Depreciation is provided on a straight line basis on the cost of other fixed assets at rates determined by the estimated useful lives of these assets of three to 15 years.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

h. Investments in securities

- i. Held-to-maturity securities are stated in the balance sheet at amortised cost less any provisions for diminution in value.

The carrying amounts of held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the consolidated profit and loss account for each security individually.

- ii. Non-trading securities are stated in the balance sheet at fair value. Changes in fair value are recognised in the investment revaluation reserve until the security is sold, collected, or otherwise disposed of, or until there is objective evidence that the security is impaired, at which time the relevant cumulative gain or loss is transferred from the investment revaluation reserve to the consolidated profit and loss account.

Transfers from the investment revaluation reserve to the consolidated profit and loss account as a result of impairments are reversed when the circumstances and events that led to the impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Profits or losses on disposal of non-trading securities are determined as the difference between the estimated net disposal proceeds and the carrying amount of the securities and are recognised in the consolidated profit and loss account as they arise. On disposal of non-trading securities, the revaluation surplus or deficit previously taken to the investments revaluation reserve is also transferred to the consolidated profit and loss account for the year.

- iii. Trading securities are stated in the balance sheet at fair value. Changes in fair value are recognised in the consolidated profit and loss account as they arise.

i. Deferred items

- i. Prepaid revenue expenses

Prepaid revenue expenses represent prepaid expenditure attributable to periods after more than one year.

- ii. Programming library

Programming library consists of commissioned and acquired programming costs. The costs are amortised over the licence period or estimated period of use calculated on an individual programme basis, whereas the costs of in house programmes are written off as incurred.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

j. Inventories

i. Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total development costs, including borrowing costs capitalised, attributable to unsold units. Net realisable value is determined by the Directors, based on prevailing market conditions.

The amount of any write down of or provision for properties held for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the consolidated profit and loss account in the period in which the reversal occurs.

ii. Properties under development for sale

Properties under development for sale are classified as current assets and stated at the lower of cost and net realisable value. Cost includes the aggregate costs of development, borrowing costs capitalised and other direct expenses plus attributable profit, less pre-sales proceeds. Net realisable value is determined by the Directors, based on prevailing market conditions.

The amount of any write down of or provision for properties under development for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the consolidated profit and loss account in the period in which the reversal occurs.

Pre-sale proceeds received and receivable from the purchasers of the properties under development for sale are set off against inventories in the balance sheet. Profit on pre-sale of properties under development for sale is recognised over the course of the development and is calculated each year as a proportion of the total estimated profit to completion; the proportion used being the lower of the proportion of construction costs incurred at the balance sheet date to estimated total construction costs and the proportion of sales proceeds received and receivable at the balance sheet date to total estimated sales.

Borrowing costs relating to properties under development for sale are capitalised up to the date of practical completion.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

j. Inventories (Continued)

iii. Spare parts and consumables

Spare parts and consumables are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location. Net realisable value is determined by the Directors, based on the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

k. Foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at exchange rates ruling at the transaction dates. Monetary foreign currency balances and the accounts of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. Differences arising from the translation of the accounts of overseas subsidiaries are dealt with in capital reserves and those arising from the financing of properties under development by foreign currency borrowings are capitalised as part of the development costs. All other exchange differences are dealt with in the consolidated profit and loss account.

Forward foreign exchange contracts and swaps entered into as hedges against foreign currency assets and liabilities are revalued at the balance sheet date at the exchange rates ruling at that date. Gains and losses on currency hedging transactions are offset against gains and losses resulting from currency fluctuations inherent in the underlying foreign currency assets and liabilities. Unrealised gains and losses on foreign exchange rate contracts and swaps designated as hedges are included under the same classification as the assets and liabilities which they hedge. Gains and losses on foreign exchange contracts and swaps entered into for non-hedging purposes are dealt with in the consolidated profit and loss account.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

l. Recognition of revenue

- i Rentals receivable from investment properties held for use under operating leases are accounted for on a straight line basis over the respective periods of the leases.
- ii Income from sale of completed property is recognised upon completion of the sales agreements and income from pre-sale of property under development is recognised over the course of development (see note 1 (j) (ii)).
- iii Income from communications, media and entertainment operations, logistics operations and hotels operations is recognised at the time when the services are provided.
- iv Dividend and investment income is recognised at the time when the right to receive payment is established.
- v Interest income is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

m. Borrowing costs

Borrowing costs are expensed in the consolidated profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

n. Deferred taxation

Deferred taxation is calculated at the current tax rate under the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystallise in the foreseeable future.

Future deferred tax benefits are not recognised unless their realisation is assured beyond reasonable doubt.

o. Related parties

For the purposes of these accounts, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

NOTES TO THE ACCOUNTS

2. TURNOVER AND OPERATING PROFIT

The principal activity of the Company is investment holding and those of its principal subsidiaries are set out on pages 31 and 36.

a. An analysis of the Group's turnover and operating profit for the financial year is as follows : -

	Turnover		Operating profit / (loss)	
	2000 HK\$Million	1999 HK\$Million	2000 HK\$Million	1999 HK\$Million Restated
Property investment	3,320	3,314	2,424	2,535
Property development	1,647	993	99	100
Communications, media and entertainment	2,535	2,053	19	(267)
Logistics	3,442	3,205	1,849	1,688
Hotels	694	571	163	82
Investment and others	385	385	837	941
	12,023	10,521	5,391	5,079

During the year, more than 90 per cent of the operations of the Group in terms of both turnover and operating profit was in Hong Kong.

Property investment included gross rental income from investment properties of HK\$2,631 million (1999: HK\$2,695 million).

b. Other net income represents net profit on disposal of investments and includes net revaluation surpluses of HK\$791 million (1999 : deficits of HK\$395 million) which were previously recognised in the investment revaluation reserve.

c. Operating profit is arrived at after charging :

	2000 HK\$ Million	1999 Restated HK\$ Million
Depreciation	912	884
Amortisation of deferred and prepaid expenses	120	109
Staff costs	1,977	1,986
Auditors' remuneration	10	9
Cost of properties sold during the year	1,512	914
and crediting :		
Rental income less direct outgoings	2,697	2,891
Interest income	276	259
Dividend income from listed securities	129	142
Dividend income from unlisted securities	35	-

NOTES TO THE ACCOUNTS

2. TURNOVER AND OPERATING PROFIT (CONTINUED)

d. Directors' emoluments

Fees	-	-
Basic salaries, housing and other allowances, and benefits in kind	12	11
Deemed profit on share option exercise	-	1
Retirement scheme contributions	1	1
Discretionary bonuses and / or performance related bonuses	11	11
Compensation for loss of office	-	-
Inducement for joining the Group	-	-
	-	-

For the year under review, total emoluments (including any reimbursement of expenses) amounting to HK\$0.1 million (1999 : HK\$0.1 million), being wholly in the form of Directors' fees, were paid / payable to Independent Non-executive Directors of the Company.

The emoluments in respect of the year ended December 31, 2000 of all the Directors of the Company in office during the year were in the following ranges:-

Bands (in HK\$)	2000 Number	1999 Number
Not more than \$1,000,000	5	5
\$1,500,001 - \$2,000,000	1	-
\$2,000,001 - \$2,500,000	-	1
\$2,500,001 - \$3,000,000	1	1
\$3,000,001 - \$3,500,000	1	1
\$7,500,001 - \$8,000,000	2 *	1
\$8,500,001 - \$9,000,000	-	1 *
	10	10

Note : The emoluments of a Director in the band marked * above include deemed profit on share option exercise totalling HK\$0.4 million (1999: HK\$1.3 million).

NOTES TO THE ACCOUNTS

2. TURNOVER AND OPERATING PROFIT (CONTINUED)

e. Emoluments of the highest paid employees

Set out below are analyses of the emoluments (excluding amounts, if any, paid or payable by way of commissions on sales generated by the employees concerned) for the year ended December 31, 2000 of two employees (1999: three) of the Group who, not being Directors of the Company, are among the top five highest paid individuals (including Directors of the Company and other employees of the Group) employed by the Group.

	2000	1999
Aggregate Emoluments	HK\$ Million	HK\$ Million
Basic salaries, housing allowances, other allowances, and benefits in kind	5	6
Contributions to pension schemes	-	1
Discretionary bonuses and/or performance-related bonuses	2	4
Compensation for loss of office	-	-
Inducement for joining the Group	-	-
Total	7	11
Bandings	2000	1999
Bands (in HK\$)	Number	Number
\$3,000,001 - \$3,500,000	1	1
\$3,500,001 - \$4,000,000	1	1
\$4,000,001 - \$4,500,000	-	1*
	2	3

Note: The remuneration of the employee marked * as disclosed above includes deemed profit on share option exercise.

NOTES TO THE ACCOUNTS

3. BORROWING COSTS

	2000 HK\$ Million	1999 Restated HK\$ Million
Interest on: -		
Bank loans and overdrafts	991	971
Other loans repayable within five years	708	984
Other loans repayable after more than five years	201	178
Other borrowing costs	39	162
Less : Amount capitalised *	<u>(346)</u>	<u>(722)</u>
Net borrowing costs for the year	1,593	1,573
Deferred loan arrangement expenses written off on early repayment of the related loans	-	366
Total borrowing costs	<u>1,593</u>	<u>1,939</u>

* The borrowing costs have been capitalised at annual rates of between 7.0% and 7.9% (1999 : 6.2% to 8.3%)

4. TAXATION

- a. The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at the rate of 16 per cent (1999 : 16 per cent).
- b. Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax.
- c. Taxation in the consolidated profit and loss account represents :

	2000 HK\$ Million	1999 HK\$ Million
The Company and its subsidiaries		
Hong Kong profits tax for the year	382	341
Rebate of 10% of 1997/1998 profits tax	-	(57)
Underprovision for Hong Kong profits tax relating to prior years	60	-
Overseas taxation for the year	22	-
Deferred taxation (Note 24)	<u>(29)</u>	<u>(20)</u>
	435	264
Share of associates' Hong Kong profits tax for the year	-	-
	<u>435</u>	<u>264</u>

- d. None of the taxation payable in the balance sheet is expected to be settled after more than one year.

5. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$2,037 million (1999 : HK\$2,025 million).

NOTES TO THE ACCOUNTS

6. DIVIDENDS

	2000 HK\$ Million	1999 HK\$ Million
Additional final dividend relating to the prior year on new shares issued upon exercise of share options and subscription rights attached to warrants	-	1
Interim dividend of 28 cents (1999 : 28 cents) per share	685	657
Final dividend of 50 cents (1999 : 50 cents) per share	1,223	1,223
	1,908	1,881

7. EARNINGS PER SHARE

The calculation of earnings per share is based on the earnings for the year of HK\$2,480 million (1999 : HK\$3,511 million as restated) and the weighted average of 2,446 million ordinary shares (1999 : 2,321 million ordinary shares) in issue during the year.

The calculation of diluted earnings per share is based on earnings for the year of HK\$2,480 million (1999 : HK\$3,511 million as restated) and the weighted average of 2,446 million ordinary shares (1999 : 2,328 million ordinary shares) after adjusting for the effects of all dilutive potential ordinary shares as shown below:

	2000 No. of shares Million	1999 No. of shares Million
Weighted average number of ordinary shares used in calculating basic earnings per share	2,446	2,321
Deemed issue of ordinary shares for no consideration	-	7
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,446	2,328

- (a) The existence of unexercised options during the year ended December 31, 2000 (see note 20) has no dilutive effect on the calculation of diluted earnings per share for the year ended December 31, 2000.

NOTES TO THE ACCOUNTS

7. EARNINGS PER SHARE (CONTINUED)

(b) In 1999, earnings for the year included provision for properties under redevelopment and for sale of HK\$1,508 million, deemed profit on partial disposal of a subsidiary of HK\$3,762 million (as restated) and provision for litigation of HK\$1,000 million. In order to give a fairer presentation of the results of the Group, earnings per share before these exceptional items. The reconciliation of the two figures is as follows: -

	2000		1999 Restated	
	Earnings HK\$ Million	Per share HK\$	Earnings HK\$ Million	Per share HK\$
Earnings per share per profit and loss account	2,480	1.01	3,511	1.51
Add / (deduct) : Provision for properties under redevelopment and for sale	-	-	1,508	0.65
Deemed profit on partial disposal of a subsidiary	-	-	(3,762)	(1.62)
Provision for litigation	-	-	1,000	0.43
Earnings per share before provisions for properties and litigation and deemed profit on partial disposal of a subsidiary	2,480	1.01	2,257	0.97

8. CHANGE IN ACCOUNTING POLICIES

In prior years, pre-operating and pre-maturity expenses in relation to the Group's cable television and telecommunications operations were deferred and amortised over the respective licence periods and pre-operating expenses in relation to other projects under development were deferred and amortised over a period, not exceeding five years from the dates the projects came into operation. With effect from January 1, 2000, the Group adopted an accounting policy to write off all these expenses as they are incurred in accordance with Interpretation 9 issued by the Hong Kong Society of Accountants. The new accounting policy has been adopted retrospectively. In adjusting prior years' figures, revenue reserves as at January 1, 1999 were restated and decreased by HK\$1,745 million representing the charge to the prior year's consolidated profit and loss account of the unamortised balance of pre-operating and pre-maturity expenses at that date.

As a result of the adoption of Interpretation 9 and restating the prior years' results and reserves, the Group's profit for the year attributable to shareholders has increased by HK\$164 million (1999 : HK\$294 million) and the Group's net assets at December 31, 2000 have decreased by HK\$1,324 million (1999 : HK\$1,472 million) as a net result of writing off pre-operating and pre-maturity expenses as incurred and the consequent reduction in amortisation thereof.

NOTES TO THE ACCOUNTS

9. FIXED ASSETS

	Group					
	Investment properties HK\$Million	Properties under or held for redevelop- ment HK\$Million	Hotel and club properties HK\$Million	Broad- casting & Hotel communi- cations equipment HK\$Million	Other properties and fixed assets HK\$Million	Total HK\$Million
a. Cost or valuation						
Balance at January 1, 2000	57,385	3,486	3,839	5,421	8,289	78,420
Additions	833	691	-	788	257	2,569
Disposals	(1)	-	-	(15)	(77)	(93)
Reclassification	(134)	76	-	-	(4)	(62)
Provision for impairment	-	(71)	-	-	-	(71)
Revaluation surplus	2,250	-	103	-	-	2,353
Balance at						
December 31, 2000	60,333	4,182	3,942	6,194	8,465	83,116
Accumulated depreciation						
Balance at January 1, 2000						
- as previously reported	-	-	-	1,940	3,125	5,065
- prior period adjustment (Note 8)	-	-	-	(41)	34	(7)
- as restated	-	-	-	1,899	3,159	5,058
Charge for the year	-	-	12	520	380	912
Written back on disposals	-	-	-	(8)	(67)	(75)
Reclassification	-	-	-	-	(4)	(4)
Written back on revaluation	-	-	(12)	-	-	(12)
Balance at						
December 31, 2000	-	-	-	2,411	3,468	5,879
Net book value						
at December 31, 2000	60,333	4,182	3,942	3,783	4,997	77,237
at December 31, 1999 (Restated)	57,385	3,486	3,839	3,522	5,130	73,362
b. The analysis of cost or valuation of the above assets is as follows:						
2000 valuation	60,333	-	3,942	-	-	64,275
1994 valuation	-	288	-	-	-	288
Cost less provisions	-	3,894	-	6,194	8,465	18,553
	60,333	4,182	3,942	6,194	8,465	83,116

NOTES TO THE ACCOUNTS

9. FIXED ASSETS (CONTINUED)

If the hotel and club properties had not been revalued, the carrying value of these assets on the basis of cost less accumulated depreciation would be HK\$378 million (1999 : HK\$390 million).

	Group					
	Investment properties HK\$Million	Properties under or held for redeve- lopment HK\$Million	Hotel and club properties HK\$Million	Broad- casting & Hotel commun- ications equipment HK\$Million	Other properties and fixed assets HK\$Million	Total HK\$Million
c. Tenure of title to properties :-						
Held in Hong Kong						
Long lease	48,902	424	3,942	-	3	53,271
Medium lease	7,933	3,355	-	-	4,494	15,782
Short lease	-	-	-	-	1	1
	<u>56,835</u>	<u>3,779</u>	<u>3,942</u>	<u>-</u>	<u>4,498</u>	<u>69,054</u>
Held outside Hong Kong						
Long lease	-	-	-	-	11	11
Medium lease	3,498	403	-	-	-	3,901
	<u>60,333</u>	<u>4,182</u>	<u>3,942</u>	<u>-</u>	<u>4,509</u>	<u>72,966</u>

d. Properties revaluation

The Group's investment properties together with its hotel and club properties have been revalued as at December 31, 2000 by Chesterton Petty Limited, an independent firm of professional surveyors, on an open market value basis, after taking into consideration the net income allowing for reversionary potential.

Certain properties under or held for redevelopment were valued at December 31, 1994 by Chesterton Petty Limited, an independent firm of professional surveyors, on an open market value basis, after taking into account the development potential of the properties where appropriate.

The surplus or deficit arising on revaluation less minority interests is dealt with in capital reserves.

e. The gross amounts of fixed assets of the Group held for use in operating leases were HK\$60,880 million (1999 : HK\$57,932 million).

NOTES TO THE ACCOUNTS

10. INVESTMENTS IN SUBSIDIARIES

	Company	
	2000	1999
	HK\$ Million	HK\$ Million
Unlisted shares, at cost less provision	20,682	19,947
Amounts due by subsidiaries	36,803	22,913
	57,485	42,860
Amounts due to subsidiaries	(42,840)	(31,432)
	14,645	11,428

Details of principal subsidiaries at December 31, 2000 are shown on pages 31 to 36.

The amounts due to and by subsidiaries are non-current as these are not expected to be paid within the next twelve months.

11. INTEREST IN ASSOCIATES

	Group	
	2000	1999
	HK\$ Million	HK\$ Million
Share of net tangible assets other than goodwill		
Shares listed in Hong Kong	347	653
Unlisted shares	(157)	204
	190	857
Amounts due by associates	4,792	4,363
Amounts due to associates	(10)	(23)
	4,972	5,197
Market value of listed shares	174	471

Details of principal associates at December 31, 2000 are shown on pages 31 to 36.

The amounts due to and by associates are non-current as these are not expected to be paid within the next twelve months.

Included in the amounts due by associates are loans totalling HK\$4,622 million (1999 : HK\$4,238 million) advanced to certain associates involved in property development projects. The annual interest rates are determined by the shareholders of these associates with reference to prevailing market rates which were between 6.1% and 8.1% for the current year (1999 : 6.0% to 10.0%). The loans are unsecured and are repayable as may from time to time be agreed among the shareholders.

NOTES TO THE ACCOUNTS

12. LONG TERM INVESTMENTS

	Group	
	2000	1999
	HK\$ Million	HK\$ Million
Non-trading securities		
Equity securities		
Listed in Hong Kong	1,283	4,955
Listed outside Hong Kong	514	254
	1,797	5,209
Unlisted	104	49
	1,901	5,258
Market value of listed securities	1,797	5,209

13. DEFERRED DEBTORS

Deferred debtors represent receivables due after more than one year.

14. DEFERRED ITEMS

	Group	
	2000	1999 Restated
	HK\$ Million	HK\$ Million
Prepaid revenue expenses	338	352
Programming library	232	223
	570	575

15. INVENTORIES

	Group	
	2000	1999
	HK\$ Million	HK\$ Million
Properties under development for sale, less pre-sale proceeds received and receivable	1,983	2,029
Properties held for sale	1,156	976
Spare parts and consumables	118	84
	3,257	3,089

The properties under development for sale are expected to be completed and recovered after more than one year.

The amount of properties held for sale / under development for sale carried at net realisable value is HK\$2,527 million (1999 : HK\$2,384 million).

NOTES TO THE ACCOUNTS

16. DEBTORS

Included in debtors are trade debtors (net of provision for bad and doubtful debts) with an ageing analysis as at December 31, 2000 as follows:

	Group		Company	
	2000	1999	2000	1999
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
0 - 30 days	251	333	-	-
31 - 60 days	59	43	-	-
61 - 90 days	17	13	-	-
Over 90 days	82	107	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	409	496	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The Group has a defined credit policy. The general credit terms allowed range from 0 to 60 days, except for pre-sale proceeds of properties under development, which are receivable upon completion.

17. PLEDGED DEPOSITS

Deposits are pledged as security for obtaining a letter of credit for issue of a surety bond (Note 26(d)) and for certain bank and other loans.

18. CREDITORS

Included in creditors are trade creditors with an ageing analysis as at December 31, 2000 as follows:

	Group		Company	
	2000	1999	2000	1999
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
0 - 30 days	226	235	-	-
31 - 60 days	101	85	-	-
61 - 90 days	132	68	-	-
Over 90 days	247	258	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	706	646	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

19. SHORT TERM LOANS AND OVERDRAFTS

	Group		Company	
	2000	1999	2000	1999
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Secured bank loans	373	746	-	-
Unsecured bank loans and overdrafts	5,473	81	103	78
Samurai yen bonds due March 3, 2000	-	2,584	-	-
	<u>5,846</u>	<u>3,411</u>	<u>103</u>	<u>78</u>

20. SHARE CAPITAL

	2000	1999	2000	1999
	No. of shares Million	No. of shares Million		
Authorised				
Ordinary shares of HK\$1 each	<u>3,600</u>	<u>2,900</u>	<u>3,600</u>	<u>2,900</u>
Issued and fully paid				
Balance at January 1	2,446	2,295	2,446	2,295
Exercise of share options	-	-	-	-
Shares issued on exercise of bonus warrants	-	103	-	103
Scrip issue in lieu of cash dividend	-	48	-	48
Balance at December 31	<u>2,446</u>	<u>2,446</u>	<u>2,446</u>	<u>2,446</u>

By an ordinary resolution passed at the general meeting held on June 29, 2000, the company's authorised share capital was increased to HK\$3,600 million by the creation of an additional 700,000,000 ordinary shares of HK\$1.0 each, ranking pari passu with the existing shares of the company in all respects.

Executive share incentive scheme

As at December 31, 2000, options to subscribe for 3.8 million ordinary shares of the Company at prices ranging from HK\$9.5 to HK\$25.0 per share granted to a number of executives under the Company's executive share incentive scheme were unexercised. These options are exercisable before July 31, 2006.

During the year, options were exercised to subscribe for 70,000 ordinary shares of HK\$1.00 each at a consideration between HK\$7.6 and HK\$9.5 per share.

NOTES TO THE ACCOUNTS

21. RESERVES

	Share premium HK\$Million	Investment Capital redemption reserve HK\$Million	Investment properties revaluation reserves HK\$Million	Investment revaluation reserves HK\$Million	Other capital reserves HK\$Million	Revenue reserves HK\$Million	Total HK\$Million
a. The Group							
i Company and subsidiaries							
Balance at January 1, 1999							
- as previously reported	5,243	7	28,902	(784)	11,737	6,184	51,289
- prior period adjustment (Note 8)	-	-	-	-	-	(1,745)	(1,745)
- as restated	5,243	7	28,902	(784)	11,737	4,439	49,544
Exchange reserve	-	-	-	-	11	-	11
Exercise of share options and bonus warrants	2,486	-	-	-	-	-	2,486
Goodwill on acquisition of subsidiaries and an associate	-	-	-	-	(9)	-	(9)
Goodwill written off on disposal of subsidiaries and associates	-	-	-	-	89	-	89
Transferred to the profit and loss account on disposal of non-trading securities	-	-	-	395	-	-	395
Revaluation surplus / (deficit)							
- investment properties	-	-	(2,073)	-	-	-	(2,073)
- other properties	-	-	-	-	(1,125)	-	(1,125)
- non-trading securities	-	-	-	857	-	-	857
Reclassification	-	-	11,463	-	(11,461)	-	2
Retained profit for the year	-	-	-	-	-	1,618	1,618
Balance at December 31, 1999 and January 1, 2000	7,729	7	38,292	468	(758)	6,057	51,795

NOTES TO THE ACCOUNTS

21. RESERVES (CONTINUED)

		Investment Capital	properties	Investments	Other	Revenue	Total
	Share	redemption	revaluation	revaluation	capital	reserves	reserves
	premium	reserve	reserves	reserves	reserves	reserves	reserves
	HK\$Million	HK\$Million	HK\$Million	HK\$Million	HK\$Million	HK\$Million	HK\$Million
a. The Group (continued)							
i Company and subsidiaries (continued)							
Balance at December 31, 1999							
and January 1, 2000	7,729	7	38,292	468	(758)	6,057	51,795
Exchange reserve	-	-	-	-	(26)	-	(26)
Exercise of share options	1	-	-	-	-	-	1
Reserve on acquisition of subsidiaries and an associate	-	-	-	-	115	-	115
Goodwill written off on disposal of subsidiaries and associates	-	-	-	-	51	-	51
Transferred to the profit and loss account on disposal of non-trading securities	-	-	-	(791)	-	-	(791)
Revaluation surplus/(deficit)							
- investment properties	-	-	2,216	-	-	-	2,216
- other properties	-	-	-	-	89	-	89
- non-trading securities	-	-	-	(67)	-	-	(67)
Reclassification	-	-	9	-	(9)	-	-
Retained profit for the year	-	-	-	-	-	889	889
Balance at December 31, 2000	7,730	7	40,517	(390)	(538)	6,946	54,272

NOTES TO THE ACCOUNTS

21. RESERVES (CONTINUED)

	Investment						Revenue reserves	Total HK\$Million
	Share premium HK\$Million	Capital redemption reserve HK\$Million	properties revaluation reserves HK\$Million	Investments revaluation reserves HK\$Million	Other capital reserves HK\$Million	Reserve reserves HK\$Million		
a. The Group (continued)								
ii Associates								
Balance at January 1, 1999	-	-	19	(116)	-	178	81	
Revaluation surplus/(deficit)								
- investment properties	-	-	(17)	-	-	-	(17)	
- non-trading securities	-	-	-	97	-	-	97	
Reclassification	-	-	(2)	-	-	-	(2)	
Retained profit for the year	-	-	-	-	-	12	12	
<hr/>								
Balance at December 31, 1999 and January 1, 2000	-	-	-	(19)	-	190	171	
Transferred to the profit and loss account on disposal of non-trading securities	-	-	-	16	-	-	16	
Transferred to the profit and loss account on impairment non-trading securities	-	-	-	13	-	-	13	
Revaluation surplus - non-trading securities	-	-	-	3	-	-	3	
Loss absorbed for the year	-	-	-	-	-	(317)	(317)	
Balance at December 31, 2000	-	-	-	13	-	(127)	(114)	
<hr/>								
Total reserves								
At December 31, 2000	<u>7,730</u>	<u>7</u>	<u>40,517</u>	<u>(377)</u>	<u>(538)</u>	<u>6,819</u>	<u>54,158</u>	
At December 31, 1999	<u>7,729</u>	<u>7</u>	<u>38,292</u>	<u>449</u>	<u>(758)</u>	<u>6,247</u>	<u>51,966</u>	

NOTES TO THE ACCOUNTS

21. RESERVES (CONTINUED)

	Share premium HK\$Million	Capital redemption reserve HK\$Million	Other capital reserves HK\$Million	Revenue reserves HK\$Million	Total HK\$Million
b. The Company					
Balance at January 1, 1999	5,243	7	306	1,434	6,990
Exercise of share options and bonus warrants and scrip issue in lieu of cash dividend	2,486	-	-	-	2,486
Retained profit for the year	-	-	-	144	144
	7,729	7	306	1,578	9,620
Balance at December 31, 1999 and January 1, 2000					
Exercise of share options	1	-	-	-	1
Retained profit for the year	-	-	-	129	129
Balance at December 31, 2000	7,730	7	306	1,707	9,750

Reserves of the Company available for distribution to shareholders at December 31, 2000 amounted to HK\$1,707 million (1999 : HK\$1,578 million).

The application of the share premium account and capital redemption reserves are governed by Section 48B and Section 49 of the Hong Kong Companies Ordinance respectively. The revaluation reserves have been set up and will be dealt with in accordance with the accounting policies adopted for the revaluation of investment properties, land and buildings held for own use and non-trading securities.

NOTES TO THE ACCOUNTS

22. LONG TERM LOANS

	Group		Company	
	2000	1999	2000	1999
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Bonds and notes (unsecured) (c)				
HK dollar floating rate notes due				
July 16, 2002	1,417	3,000	-	-
US dollar notes due November 1, 2004	1,560	1,553	-	-
US dollar notes due March 13, 2007	2,730	2,718	-	-
Samurai yen bonds due March 3, 2000	-	2,584	-	-
	<u>5,707</u>	<u>9,855</u>	<u>-</u>	<u>-</u>
Bank loans (secured)				
Due less than 1 year	373	746	-	-
Due after more than 1 year but not exceeding 2 years	742	1,148	-	-
Due after more than 2 years but not exceeding 5 years	2,407	7,259	-	-
Due after more than 5 years	-	120	-	-
	<u>3,522</u>	<u>9,273</u>	<u>-</u>	<u>-</u>
Bank loans (unsecured)				
Due less than 1 year	5,473	81	103	78
Due after more than 1 year but not exceeding 2 years	3,126	5,937	-	-
Due after more than 2 years but not exceeding 5 years	393	127	-	-
	<u>8,992</u>	<u>6,145</u>	<u>103</u>	<u>78</u>
Other loans (secured)				
Due after more than 2 years but not exceeding 5 years	4,457	4,457	-	-
	<u>4,457</u>	<u>4,457</u>	<u>-</u>	<u>-</u>
Other loans (unsecured)				
Due after more than 1 years but not exceeding 2 years	20	-	-	-
Due after more than 2 years but not exceeding 5 years	-	20	-	-
	<u>20</u>	<u>20</u>	<u>-</u>	<u>-</u>
Total loans	22,698	29,750	103	78
Less: Amount due within 1 year (Note 19)	(5,846)	(3,411)	(103)	(78)
Total long term loans	<u>16,852</u>	<u>26,339</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS

22. LONG TERM LOANS (CONTINUED)

(a) As at December 31, 2000, the Group's net debts, representing the total loans less deposits and cash, are analysed as follows : -

	2000 HK\$ Million	1999 HK\$ Million
Total loans	22,698	29,750
Deposits and cash	(2,213)	(6,407)
Pledged deposits	(981)	(1,768)
	19,504	21,575

(b) Included in unsecured bank loans are bank loans totalling HK\$489 million (1999 : HK\$1,016 million) borrowed by non-wholly owned subsidiaries. These loans are non-recourse to the Company and other subsidiaries.

(c) All bonds and notes either bear interest at floating rates or have been swapped to floating rates determined by reference to the Hong Kong Interbank Offered Rate or the London Interbank Offered Rate.

(d) An amount of HK\$3,010 million (1999: HK\$5,071 million) included in long term loans is expected to be settled within one year.

(e) The banking facilities of the Group are secured by mortgages over certain investment properties, and land and buildings with carrying value of HK\$20,413 million (1999 : HK\$39,483 million) and HK\$910 million (1999 : HK\$3,589 million) respectively.

23. OTHER DEFERRED LIABILITIES

	Group	
	2000 HK\$ Million	1999 HK\$ Million
Club debentures (non-interest bearing)		
due after more than 5 years	220	220
Planned maintenance provision	145	129
Others	84	114
	449	463

NOTES TO THE ACCOUNTS

24. DEFERRED TAXATION

(a) Movements on deferred taxation comprise:-

	Group	
	2000 HK\$ Million	1999 HK\$ Million
Balance at January 1	507	518
Transfer to the profit and loss account	(29)	(20)
Acquisition of a subsidiary	-	9
	478	507

(d) Major components of deferred taxation are set out below :-

	Group			
	2000		1999	
	Potential liabilities / (assets)		Potential liabilities / (assets)	
	Provided HK\$ Million	unprovided HK\$ Million	Provided HK\$ Million	unprovided HK\$ Million
Depreciation allowances in excess of the related depreciation	478	300	499	241
Unutilised tax losses	-	(1,271)	-	(820)
Others	-	-	8	-
	478	(971)	507	(579)

The major part of the unprovided potential liabilities represents the maximum taxation arising from balancing charges in the event of a future realisation of investment and other properties at an amount equal to the valuations or carrying values recorded in the balance sheet.

The deferred tax assets arising from the Group's unutilised tax losses have not been recognised in the accounts as it is not certain that the future benefits thereof will crystallise in the foreseeable future.

NOTES TO THE ACCOUNTS

25. MATERIAL RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group and the Company have not been a party to any material related party transaction during the year ended December 31, 2000 :

- (a) As disclosed in Note 11 to the accounts, loans totalling HK\$4,622 million (1999: HK\$4,238 million) advanced by the Group to certain associates involved in the Sham Tseng and Kowloon Station Development Package Two Projects (as described in more detail in (b) below) are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules. Waivers were granted by the Stock Exchange in 1994 and 1997 from complying with the relevant connected transaction requirements (as set out in further detail under (b) hereunder). The net interest earned by the Group from these loans during the year is not material in the context of these accounts.
- (b) As disclosed in Note 26(b) to the accounts, the Company and a subsidiary, together with its controlling shareholder and two of its subsidiaries, have jointly and severally guaranteed the performance and observance of the terms by the subsidiary of an associate under an agreement to develop the Kowloon Station Development Package Two project.

The same parties have also severally guaranteed loans granted to another subsidiary of the above associate to finance the property development project. The amount attributable to the Company and a subsidiary was HK\$1,360 million (1999: HK\$880 million).

Such guarantees given by the Company constitute connected transactions as defined under the Listing Rules, but a waiver from complying with the relevant connected transaction requirements was granted by the Stock Exchange in 1997.

- (c) During the year, the Group acquired the remaining one-third interest in the Diamond Hill development, which is now wholly owned by the Group, from its principal shareholder for a consideration of HK\$1,186 million. The consideration was calculated on the basis of one-third of the audited consolidated net tangible asset value of the development as at January 17, 2000 including the value of the underlying property as assessed by an independent valuer. In 1999, the Group acquired a one-third interest in the same development from a subsidiary of its principal shareholder for a consideration of HK\$1,140 million.

26. CONTINGENT LIABILITIES

As at December 31, 2000 :

- (a) There were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to overdraft, short term loan and credit facilities, bonds and notes of up to HK\$27,706 million (1999 : HK\$31,645 million).

NOTES TO THE ACCOUNTS

26. CONTINGENT LIABILITIES (CONTINUED)

- (b) The Company and a subsidiary together with its principal shareholder and two subsidiaries thereof, have jointly and severally guaranteed the performance and observance of the terms under an agreement for a property development project by the subsidiary of an associate. Also all the parties have severally guaranteed loans granted to certain subsidiaries of an associate to finance its property development project. The amount attributable to the Company is HK\$1,360 million (1999 : HK\$880 million).
- (c) The Company together with other third parties have severally guaranteed bank facilities granted to a company which is held by the Group as a non-trading security. The amount attributable to the Company is HK\$509 million (1999 : HK\$825 million).
- (d) Claims for unspecified damages for alleged breach of contract have been brought by a third party against the Company and certain subsidiaries and a director of the Company based on an alleged option to invest in the Group's cable television franchise. During 1997, a jury's verdict was given in District Court of Denver, Colorado, USA against the Company, a subsidiary and the director and the jury awarded damages, costs and interest of approximately HK\$1,187 million (US\$153 million) to the third party. A judgement for the award has been entered. The management of the Company filed an appeal against both the verdict and the amount of the award. In May 2000, the Court of Appeals in Denver affirmed the judgement and the awards made by the District Court. The Company then submitted a petition for rehearing by the entire Tenth Circuit Court in Denver, which was denied.

In September 2000, the Company filed a petition for certiorari with the United States Supreme Court, which was granted in November 2000 with respect to certain questions presented. The Court heard argument on March 21, 2001 and a decision is expected not later than June 2001. Management believes that the Colorado judgement is inconsistent with applicable law and intends to defend its position through all legal avenues available to it.

The Company has posted a bond totalling HK\$1,513 million (US\$194 million) as surety for the payment of the damages, costs and interest. The posting of the surety bond is secured by an investment property, certain listed share investments and fixed deposits of the Group, which had an aggregate carrying amount of HK\$4,594 million at December 31, 2000.

A provision of HK\$1,500 million was made in the accounts in prior years in respect of these contingencies including legal fees incurred which may not be recovered. The Board of Directors of the Company have considered that no further provisions are necessary in respect of the above litigation at December 31, 2000.

NOTES TO THE ACCOUNTS

26. CONTINGENT LIABILITIES (CONTINUED)

- (e) Forward exchange contracts amounting to HK\$5,304 million (1999 : HK\$482 million) were outstanding of which HK\$4,914 million and HK\$390 million will mature in 2001 and 2002 respectively.

27. COMMITMENTS

	2000 HK\$ Million	Group 1999 HK\$ Million
(a) Capital commitments		
No provision has been made in the accounts for planned capital expenditure of	5,913	4,787
In respect of which contracts have been entered into for	<u>1,783</u>	<u>1,330</u>
(b) The Company's subsidiary, Modern Terminals Limited, together with certain other third parties, have entered into a Joint Development Agreement ("JDA") to jointly procure the construction of Container Terminal 9. The total cost of construction is estimated to be HK\$4.8 billion and will be shared by respective parties at an agreed ratio as stipulated in the JDA. The financing of the construction cost is non-recourse to the Company and other subsidiaries.		

28. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of a change in accounting policy for deferred items in order to comply with Interpretation 9, details of which are set out in Note 8.

29. APPROVAL OF ACCOUNTS

The accounts were approved by the Directors on March 26, 2001.

NOTES TO THE ACCOUNTS

PRINCIPAL SUBSIDIARIES AND ASSOCIATES

At December 31, 2000

	Subsidiaries		Associates		Principal activities
	Place of incorporation / operation	Issued share capital (all being ordinary shares and fully paid up except otherwise specified)	Percentage of equity attributable to the Group	Percentage of equity attributable to the Group	
Property					
Diamond Hill Development Holdings Limited	British Virgin Islands			Ordinary 33	Holding company
Feckenham Limited	Hong Kong	2 HK\$10 shares	100		Property
Forestside Limited	British Virgin Islands	500 US\$1 shares	100		Property
Framenti Company Limited	Hong Kong	2 HK\$1 shares	100		Property
Harbour City Management Limited	Hong Kong	2 HK\$10 shares	100		Property management
Harriman Leasing Limited	Hong Kong			Ordinary 50	Leasing agent
HKRT Peak Properties Limited	Hong Kong	3,000,000 HK\$10 shares	100		Property
Hong Tai Yuen Limited	Hong Kong	500,000 HK\$1 shares	100		Property
Hopfield Holdings Limited	British Virgin Islands			Ordinary 32	Holding company
Marbrad Company Limited	Hong Kong	2 HK\$1 shares	100		Property
New Tech Centre Limited	Hong Kong	10,000 HK\$1 shares	100		Property
Olinda Limited	Hong Kong	2 HK\$10 shares	100		Property
Oroll Pte. Limited	Singapore	1,000,000 S\$1 shares	100		Property
Plaza Hollywood Management Limited	Hong Kong	2 HK\$1 shares	100		Property management
Renvey Company Limited	Hong Kong	10,000 HK\$1 shares	100		Property
Roville Company Limited	Hong Kong	2 HK\$1 shares	100		Property
Solana Limited	Hong Kong	100 HK\$10 shares	100		Property

NOTES TO THE ACCOUNTS

PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

At December 31, 2000

	Place of incorporation / operation	Subsidiaries		Associates		Principal activities
		Issued share capital (all being ordinary shares and fully paid up except otherwise specified)	Percentage of equity attributable to the Group	Class of shares	Percentage of equity attributable to the Group	
Property (continued)						
Times Square Estates Limited	Hong Kong	2 HK\$1 shares	100			Property management Holding company
Wharf Development Limited	Hong Kong	2 HK\$1 shares	100			Property management Holding company
Wharf Properties Limited	Hong Kong	20,000 HK\$10 shares	100			Property management Holding company
Wharf Property Investments Limited	Hong Kong	23,200,000 HK\$10 shares	100			Property management Holding company
Wharf Realty Limited	Hong Kong	2 HK\$1 shares	100			Property management Holding company
Wobble Company Limited	Hong Kong	2 HK\$1 shares	100			Property management Holding company
Zenuna Limited	Hong Kong	2 HK\$10 shares	100			Property management Holding company
Property – China						
Cheerwill Properties Limited	British Virgin Islands	500 US\$1 shares	100			Property management Holding company
Keithman Company Limited	Hong Kong	10,000 HK\$1 shares	80			Property management Holding company
Rumba Company Limited	Hong Kong	10,000 HK\$1 shares	82			Property management Holding company
Times Square Limited	Hong Kong	2 HK\$1 shares	100			Property management Holding company
Wharf Beijing Limited	Hong Kong	2 HK\$1 shares	100			Property management Holding company
# Wharf China Limited	Cayman Islands	500,000,000 US\$1 shares	100			Property management Holding company
Wharf Chongqing Limited	Hong Kong	2 HK\$1 shares	100			Property management Holding company
Wharf Dalian Limited	Hong Kong	2 HK\$1 shares	100			Property management Holding company
Shanghai Times Square Property Management (Shanghai) Company Limited	Shanghai	US\$500,000	100			Property management

NOTES TO THE ACCOUNTS

PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

At December 31, 2000

	Subsidiaries			Associates		Principal activities
	Place of incorporation / operation	Issued share capital (all being ordinary shares and fully paid up except otherwise specified)	Percentage of equity attributable to the Group	Class of shares	Percentage of equity attributable to the Group	
Property – China (continued)						
Wharf Shanghai Limited	Hong Kong	10,000,000 HK\$1 shares	100			Holding company
Wharf Wuhan Limited	Hong Kong	2 HK\$1 shares	100			Holding company
Communications, media and entertainment						
COL Limited	Hong Kong	40,000 HK\$500 shares	100			Computer services
Global Media In Force Limited	Hong Kong	2 HK\$1 shares	79			Multi-media advertising service
Hong Kong Cable Television Limited	Hong Kong	1,000,000,000 HK\$1 shares	79			Cable television
* i-CABLE Communications Limited	Hong Kong	2,014,000,000 HK\$1 shares	79			Holding company
i-CABLE Network Limited (Formerly Wharf Communications Network Limited)	Hong Kong	100 HK\$1 shares and 2 HK\$1 non-voting deferred shares	79			Network leasing and provision of network operation and maintenance services
i-CABLE WebServe Limited (Formerly Wharf Interactive Network Limited)	Hong Kong	2 HK\$1 shares	79			Internet related services
New T&T Hong Kong Limited	Hong Kong	100,000,000 HK\$1 shares	100			Telecommunication
Rediffusion Satellite Services Limited	Hong Kong	1,000 HK\$10 shares	79			Telecommunication
# Wharf Communications Investments Limited	Hong Kong	1,000,000 HK\$10 shares	100			Holding company

NOTES TO THE ACCOUNTS

PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

At December 31, 2000

	Subsidiaries		Associates		Principal activities
	Issued share capital (all being ordinary shares and fully paid up except otherwise specified)	Percentage of equity attributable to the Group	Percentage of equity attributable to the Group	Class of shares	
Logistics					
* The Cross-Harbour (Holdings) Limited (Formerly The Cross-Harbour Tunnel Company, Limited)	Hong Kong		Ordinary	27	Tunnel operation and investment holdings
The "Star" Ferry Company, Limited	Hong Kong	1,440,000 HK\$5 shares	100		Public transport Holding company
Wharf Terminal Investments Limited	Hong Kong	10,000 HK\$1 shares	100		Holding company
Wharf Transport Investments Limited	Hong Kong	2 HK\$1 shares	100		Holding company
Hongkong Tramways Limited	Hong Kong	21,937,500 HK\$5 shares	100		Public transport
Kowloon Wharf Warehouse Limited	Hong Kong	10,000 HK\$1 shares	100		Terminal & warehousing
Metropark Limited	Hong Kong	2 HK\$10 shares	100		Carpark management
Modern Terminals Limited	Hong Kong	76,891 HK\$1,000 shares	50.8		Container terminal

NOTES TO THE ACCOUNTS

PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

At December 31, 2000

	Place of incorporation / operation	Subsidiaries		Associates		Principal activities
		Issued share capital (all being ordinary shares and fully paid up except otherwise specified)	Percentage of equity attributable to the Group	Class of shares	Percentage of equity attributable to the Group	
Hotels						
* Harbour Centre Development Limited	Hong Kong	315,000,000 HK\$0.5 shares	66			Holding company
Manniworth Company Limited	Hong Kong	10,000 HK\$1 shares	66			Hotel
Marco Polo Hotels Management Limited	Hong Kong	2 HK\$10 shares	100			Hotel management
The Hongkong Hotel Limited	Hong Kong	100,000 HK\$1 shares	66			Hotel and property
The Marco Polo Hotel (Hong Kong) Limited	Hong Kong	1,000 HK\$1 shares	100			Hotel
The Prince Hotel Limited	Hong Kong	2 HK\$1 shares	100			Hotel
Wharf Hotel Investments Limited	Cayman Islands	500,000,000 US\$1 shares	100			Holding company
Investment, corporate and others						
Dardon Company Limited	Hong Kong	2 HK\$1 shares	100			Finance
Fortune Growth Investments Limited	Hong Kong	2 HK\$1 shares	100			Finance
Hoya International Limited	Hong Kong	2 HK\$1 shares	66			Finance
Kelmescot Company Limited	Hong Kong	2 HK\$1 shares	100			Finance
Mercantile Investments Limited	Bermuda	12 US\$1,000 shares (10% paid up)	66			Investment
Metro Capital Limited	Hong Kong	2 HK\$1 shares	100			Finance
Perdiem Company Limited	Hong Kong	2 HK\$1 shares	100			Finance

NOTES TO THE ACCOUNTS

PRINCIPAL SUBSIDIARIES AND ASSOCIATES (CONTINUED)

At December 31, 2000

	Subsidiaries			Associates		Principal activities
	Place of incorporation / operation	Issued share capital (all being ordinary shares and fully paid up except otherwise specified)	Percentage of equity attributable to the Group	Class of shares	Percentage of equity attributable to the Group	
Investment, corporate and others (continued)						
Pitney Investments Limited	British Virgin Islands	500 US\$1 shares	100			Finance
Success Record Limited	Hong Kong	2 HK\$1 shares	100			Finance
Uxbridge Limited	Hong Kong	10,000 HK\$10 shares	66			Investment
# Wharf Capital International Limited	Cayman Islands	1,000 US\$1 shares	100			Finance
# Wharf International Finance Limited	Cayman Islands	500 US\$1 shares	100			Finance
# Wharf Hong Kong Limited	Cayman Islands	500,000,000 US\$1 shares	100			Holding company
Wharf International Investments Limited	Cayman Islands	500 US\$1 shares	100			Investment
# Wharf International Limited	Cayman Islands	500,000,000 US\$1 shares	100			Holding company
# Wharf Limited	Hong Kong	2 HK\$10 shares	100			Management services
# Wharf Treasury (1995) Limited	British Virgin Islands	500 US\$1 shares	100			Finance

The accounts of the subsidiaries not audited by KPMG reflect total assets and total turnover constituting 6% and 6% respectively of the corresponding consolidated totals.

All the subsidiaries listed above were, as at December 31, 2000, indirect subsidiaries of the Company except where marked #.

The above list gives the principal subsidiaries and associates of the Group which, in the opinion of the Directors, principally affect the profit or assets of the Group.

Subsidiaries held directly

* Listed companies