

# Notes to the Financial Statements

For the year ended 31 December 2000

## 1. GENERAL

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The Company is a public listed limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited.

The principal activities of the Group are property development and investment and investment holding.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The financial statements have been prepared under the historical cost convention, as modified for the revaluation of properties and investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

### *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

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

### *Goodwill*

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is eliminated against reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration is credited to reserves.

Any premium or discount arising on the acquisition of interests in associates, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate at the date of acquisition, is dealt with in the same manner as that described above for goodwill.

On disposal of an investment in a subsidiary or an associate, the attributable amount of goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

### *Investments in subsidiaries*

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any impairment loss of the subsidiaries that is other than temporary. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable during the year.

### *Interests in associates*

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions of the investee.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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### *Interests in associates (continued)*

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. The carrying amount of such interests is reduced to recognise any impairment loss, that is other than temporary, in the value of individual investment.

Where a group enterprise transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except when unrealised losses provide evidence of an impairment of the asset transferred.

Interests in associates are included in the Company's balance sheet at cost, as reduced by any impairment loss of the associate that is other than temporary. The results of associates are accounted for by the Company on the basis of dividends received or receivable during the year.

### *Investments in securities*

Investments in securities are recognised on a trade date basis and are initially measured at cost.

All securities are measured at fair value at subsequent reporting dates.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the year. For other securities, unrealised gains and losses are dealt with in investment revaluation reserve, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the year.

### *Investment properties*

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at each balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to the property disposed of is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

### *Property, plant and equipment*

Property, plant and equipment are stated at cost or valuation less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Property, plant and equipment (continued)*

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Land and buildings are stated in the balance sheet at their revalued amount, being the fair value on the basis of their existing use at the date of revaluation less any subsequent accumulated depreciation. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any surplus arising on revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case this surplus is credited to the income statement to the extent of the deficit previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the asset revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to accumulated profits.

Depreciation is provided to write off the cost or valuation of property, plant and equipment over their estimated useful lives, using the straight line method, at the following rates per annum:

Leasehold land	Over the remaining term of the lease
Buildings	Over the shorter of the term of the lease, or 40 years
Furniture, fixtures and equipment	20%
Computers	20%
Motor vehicles	25%

### *Convertible bonds and floating rate notes issue expenses*

Expenses incurred directly in connection with the issue of Convertible Bonds and Floating Rate Notes are deferred and amortised on a straight line basis over the terms of the Bonds and the Notes respectively.

### *Foreign currencies*

Transactions in currencies other than Hong Kong dollars are initially recorded at the rates of exchange ruling on the dates of the transactions or at the contracted settlement rate. Monetary assets and liabilities denominated in such currencies are re-translated at the rates ruling on the balance sheet date, with the exception of those items covered under forward exchange contracts, which are re-translated at the contracted settlement rate. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation the financial statements of associates which are denominated in currencies other than Hong Kong dollar are translated at the rates ruling on the balance sheet date. Exchange differences arising, if any, are classified as equity and are recognised as income or as expenses in the period in which the interests in associates are disposed of.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *Taxation*

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

### *Operating leases*

Rentals receivable and payable under operating leases are credited and charged respectively to the income statement on a straight line basis over the relevant lease term.

### *Retirement benefits scheme*

Retirement benefit contributions are charged to the income statement as incurred.

### *Cash equivalents*

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired less advances from banks repayable within three months from the date of the advance.

### *Recognition of income*

Rental income is recognised on a straight line basis over the relevant lease term.

Income from property sales is recognised on the execution of a binding sales agreement.

Income from disposals of investments in securities is recognised on a trade date basis.

Management fee income and security service income are recognised when the services are rendered.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

## 3. TURNOVER

Turnover comprises (Note):

	2000 HK\$'000	1999 HK\$'000
Gross rental income from properties	1,475,941	1,643,810
Income from property sales	400	647,485
Management fee and security service income	3,905	4,422
	<u>1,480,246</u>	<u>2,295,717</u>

**3. TURNOVER (continued)**

The Group operates mainly in Hong Kong. The turnover and contribution to the Group's profit from overseas operations are insignificant. The turnover and contribution to the Group's profit from operations of each principal activity are as follows:

	2000		1999	
	Consolidated turnover HK\$'000	Contribution to the Group's profit from operations HK\$'000	Consolidated turnover HK\$'000	Contribution to the Group's profit from operations HK\$'000
Rental income	1,475,941	1,149,768	1,643,810	1,333,518
Income from property sales	400	350	647,485	482,562
Management fee and security service income	3,905	1,707	4,422	2,666
Gain on disposal of investments in securities	-	293,842	-	165,911
Other revenue	-	28,850	-	10,273
	<b>1,480,246</b>	<b>1,474,517</b>	<b>2,295,717</b>	<b>1,994,930</b>

Note

This year, turnover comprises only the revenue from the Group's core business, property development and investment. Proceeds from disposal of investments in securities, interest and dividend income which were included as part of the turnover in previous years are now presented as gain on disposal of investments in securities and other revenue respectively. Comparative figures have been restated to conform with the current year's presentation.

**4. PROFIT FROM OPERATIONS**

	2000 HK\$'000	1999 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Staff costs	102,208	93,583
Retirement benefit scheme contributions (Note)	10,050	4,003
	<b>112,258</b>	97,586
Depreciation	5,624	5,679
Auditors' remuneration	1,495	1,492
Rental income arising from operating leases less out-goings	(1,240,958)	(1,405,389)
Dividends from		
– listed investments	(7,040)	(1,799)
– unlisted investments	(4,790)	-
Net realised and unrealised gain on trading securities	-	(6,262)
Gain on disposal of investments in other securities (including HK\$293,922,213 (1999: HK\$42,622,217) previously recognised in investment revaluation reserve)	(293,842)	(159,649)
Gain on property sales	(350)	(482,562)
Interest income	(17,021)	(8,474)

#### 4. PROFIT FROM OPERATIONS (continued)

##### Note

The Group carries out regular review of its compensation and benefits arrangements to enable it to attract, retain and motivate employees of the appropriate calibre to further its success. As part of the exercise, the Group engaged Watson Wyatt (Hong Kong) Limited (independent consulting actuaries) to review its retirement arrangements, also in the light of the new MPF Legislation. A new enhanced MPF scheme (the "Enhanced MPF Scheme") was established effective 1 December 2000. The Enhanced MPF Scheme is a defined contribution plan, offering a range of investment choice to members based on different risk and return profiles. The Group targeted to maintain broadly the same benefit at retirement under the Enhanced MPF Scheme. The existing defined benefit scheme (the "Old Scheme") was terminated at close of business on 30 November 2000 with all assets transferred to the Enhanced MPF Scheme.

##### (A) The Old Scheme

The Old Scheme was registered under the Occupational Retirement Schemes Ordinance and its assets were held by HSBC Life (International) Limited under an insurance arrangement.

Contributions to the scheme were made by the Group in accordance with the recommendations of the in-house actuary of HSBC Life (International) Limited, who performed valuation of the scheme at regular intervals using the Projected Unit Credit Method. The latest actuarial assessment date of the scheme was 31 December 1999. The principal actuarial assumptions were those relating to the rate of investment return and salaries increase. It was assumed that both the rate of investment return and salary inflation would be 6% per annum.

At the date of the latest actuarial valuation, the market value of assets was sufficient to cover 126% of the actuarial value of the benefits that had accrued to members.

##### (B) The Enhanced MPF Scheme

The Old Scheme was terminated at close of business on 30 November 2000. All scheme assets were transferred to the Enhanced MPF Scheme. The Enhanced MPF Scheme covers all staff of the Group, providing benefits based on accumulated investment returns. The Group's contributions to the plan (which are immediately vested) are based on fixed percentages of members' salary, ranging from 5% of MPF Relevant Income to 15% of basic salary. Members' mandatory contributions are fixed at 5% of MPF Relevant Income, in compliance with MPF legislation. On 4 January 2001 the Enhanced MPF Scheme was granted a participation certificate by the Mandatory Provident Fund Schemes Authority under Section 124(1) of the Mandatory Provident Fund Schemes (General) Regulation.

##### (C) Transfer Arrangements

The Group targeted to maintain broadly the same benefits at retirement under the Enhanced MPF Scheme. A special retirement transfer value was therefore offered to all transferring Old Scheme members. The leaving service benefit of all members of the Old Scheme were also enhanced as incentives to convert. The Group injected HK\$4,735,323 to finance such transfer values of which sums of HK\$570,398 and HK\$146,314 were attributable to the Directors and the employee referred to in note 5 and note 6 to the financial statements respectively. Their retirement transfer values, which make up a substantial part of the aggregate transfer values, would only be fully vested upon their attaining retirement age. Forfeitures will be used to fund future contributions.

**5. DIRECTORS' REMUNERATION**

	<b>2000</b> <b>HK\$'000</b>	1999 HK\$'000
Directors' fees	<b>857</b>	813
Other emoluments:		
Basic salaries, housing, other allowances and benefits in kind	<b>14,500</b>	15,124
Bonus paid	<b>1,142</b>	–
Retirement benefit scheme regular contributions (Note)	<b>578</b>	339
	<b>17,077</b>	16,276

Note: As part of the restructuring of its retirement scheme arrangements, the Company injected funds to finance certain transfer values. A substantial part of such transfer values, including the portion attributable to the Directors, are only vested upon the relevant members attaining retirement. Details are set out in note 4 to the financial statements.

The number of Directors whose remuneration/fees within the bands set out below is as follows:

	<b>2000</b> <b>No. of</b> <b>director</b>	1999 No. of director
HK\$0 – HK\$1,000,000	<b>11</b>	11
HK\$1,000,001 – HK\$1,500,000	–	–
HK\$1,500,001 – HK\$2,000,000	–	1
HK\$2,000,001 – HK\$2,500,000	–	–
HK\$2,500,001 – HK\$3,000,000	–	1
HK\$3,000,001 – HK\$3,500,000	<b>1</b>	1
HK\$3,500,001 – HK\$4,000,000	<b>1</b>	2
HK\$4,000,001 – HK\$4,500,000	<b>1</b>	–
HK\$4,500,001 – HK\$5,000,000	<b>1</b>	–
	<b>15</b>	16

Directors' fees paid to independent non-executive Directors during the year totalled HK\$170,000 (1999: HK\$120,000). They received no other emoluments from the Company or any of its subsidiaries.

## 6. EMPLOYEE COSTS

The five highest paid individuals included four (1999: four) Directors, details of whose remuneration are set out in note 5 to the financial statements. The remuneration of the remaining individual is detailed as follows:

	2000 HK\$'000	1999 HK\$'000
Basic salaries, housing, other allowances and benefits in kind	2,171	1,317
Bonus paid	84	315
Retirement benefit scheme regular contributions (Note)	128	94
	<u>2,383</u>	<u>1,726</u>
	2000 No. of employees	1999 No. of employees
Remuneration within the band:		
HK\$1,000,001 – HK\$1,500,000	–	–
HK\$1,500,001 – HK\$2,000,000	–	1
HK\$2,000,001 – HK\$2,500,000	1	–
	<u>1</u>	<u>1</u>

Note: As part of the restructuring of its retirement scheme arrangements, the Company injected funds to finance certain transfer values. A substantial part of such transfer values, including the portion attributable to the employee, are only vested upon the employee's attaining retirement. Details are set out in note 4 to the financial statements.

## 7. FINANCE COSTS

	2000 HK\$'000	1999 HK\$'000
Interest on		
– bank loans, overdraft and other loans wholly repayable within five years	243,409	276,065
– convertible bonds	25,829	71,303
– floating rate notes	165,409	131,212
	<u>434,647</u>	<u>478,580</u>
Amortisation of convertible bonds and floating rate notes		
issue expenses	5,123	9,119
Bank charges	6,077	31,863
Exchange loss	3,173	7,257
	<u>449,020</u>	<u>526,819</u>



**8. TAXATION**

	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
– for the year	<b>117,212</b>	87,485
– (over)underprovision in prior years	<b>(2)</b>	15,905
– Tax rebate	–	(15,904)
	<hr/>	<hr/>
Taxation attributable to the Company and its subsidiaries	<b>117,210</b>	87,486
Share of tax rebate attributable to associates	–	(691)
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	<b>117,210</b>	86,795
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Hong Kong Profits Tax is calculated at 16% (1999: 16%) of the estimated assessable profit for the year.

No provision for deferred taxation has been recognised in the financial statements as the amount involved is immaterial.

Deferred taxation has not been provided on the surplus arising on the valuation of investment properties, land and buildings and investments in securities because profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the surplus arising on valuation does not constitute a timing difference.

**9. NET PROFIT FOR THE YEAR**

Of the Group's net profit for the year of HK\$850,173,491 (1999: HK\$1,203,957,528), a profit of HK\$389,246,795 (1999: HK\$988,509,942) has been dealt with in the financial statements of the Company.

**10. DIVIDENDS**

	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Ordinary shares:		
Interim dividend, paid – HK\$0.11 per share (1999: HK\$0.10)	<b>113,686</b>	103,624
Final dividend, proposed – HK\$0.31 per share (1999: HK\$0.30)	<b>319,378</b>	309,170
Additional prior year's dividend paid on exercise of warrants subsequent to the year end	–	1
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	<b>433,064</b>	412,795
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**10. DIVIDENDS (continued)**

During the year, scrip dividend alternatives were offered to shareholders in respect of the 1999 final and 2000 interim dividends. These alternatives were accepted by the shareholders as follows:

	<b>2000 Interim HK\$'000</b>	1999 Final HK\$'000
Dividends:		
Cash	<b>105,919</b>	284,267
Share alternative	<b>7,767</b>	24,903
	<b><u>113,686</u></b>	<u>309,170</u>

The proposed final dividend for 2000 will be payable in cash with a scrip dividend alternative in respect of all shares in issue at the date of these financial statements.

**11. EARNINGS PER SHARE**

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>2000 HK\$</b>	1999 HK\$
Earnings for the purposes of basic and diluted earnings per share (net profit for the year)	<b><u>850,173,491</u></b>	<u>1,203,957,528</u>
Weighted average number of ordinary shares for the purposes of basic earnings per share	<b>1,032,763,163</b>	1,034,513,350
Effect of dilutive potential ordinary shares:		
Share options	<b><u>231,730</u></b>	<u>167,091</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<b><u>1,032,994,893</u></b>	<u>1,034,680,441</u>

The computation of diluted earnings per share does not assume:

- the conversion of the Group's outstanding convertible bonds since their exercise would not have any dilutive effect; and
- the exercise of certain of the Company's outstanding share options as the exercise prices are higher than the fair value per share.

**12. PROPERTY, PLANT AND EQUIPMENT**

	<b>Land and buildings in Hong Kong under long lease HK\$'000</b>	<b>Furniture, fixtures and equipment HK\$'000</b>	<b>Computers HK\$'000</b>	<b>Motor vehicles HK\$'000</b>	<b>Total HK\$'000</b>
<b>THE GROUP</b>					
<b>COST OR VALUATION</b>					
At 1 January 2000	43,800	37,470	2,925	1,820	86,015
Adjustment resulted from cost variation	-	(587)	-	-	(587)
Additions	-	1,291	2,279	-	3,570
Disposals	-	(21)	(405)	(209)	(635)
Surplus on revaluation	2,200	-	-	-	2,200
<b>At 31 December 2000</b>	<b>46,000</b>	<b>38,153</b>	<b>4,799</b>	<b>1,611</b>	<b>90,563</b>
Comprising:					
At cost	-	38,153	4,799	1,611	44,563
At valuation 2000	46,000	-	-	-	46,000
	46,000	38,153	4,799	1,611	90,563
<b>ACCUMULATED DEPRECIATION</b>					
At 1 January 2000	-	26,656	1,754	1,162	29,572
Provided for the year	633	3,982	645	364	5,624
Eliminated on disposals	-	(18)	(405)	(209)	(632)
Adjustment on revaluation	(633)	-	-	-	(633)
<b>At 31 December 2000</b>	<b>-</b>	<b>30,620</b>	<b>1,994</b>	<b>1,317</b>	<b>33,931</b>
<b>NET BOOK VALUES</b>					
<b>At 31 December 2000</b>	<b>46,000</b>	<b>7,533</b>	<b>2,805</b>	<b>294</b>	<b>56,632</b>
At 31 December 1999	43,800	10,814	1,171	658	56,443

**12. PROPERTY, PLANT AND EQUIPMENT (continued)**

	<b>Furniture, fixtures and equipment HK\$'000</b>	<b>Computers HK\$'000</b>	<b>Motor vehicles HK\$'000</b>	<b>Total HK\$'000</b>
<b>THE COMPANY</b>				
<b>COST</b>				
At 1 January 2000	19,034	2,925	1,820	23,779
Additions	198	2,265	–	2,463
Disposals	(8)	(405)	(209)	(622)
Adjustment result from cost variation	(587)	–	–	(587)
<b>At 31 December 2000</b>	<b>18,637</b>	<b>4,785</b>	<b>1,611</b>	<b>25,033</b>
<b>ACCUMULATED DEPRECIATION</b>				
At 1 January 2000	10,501	1,754	1,162	13,417
Provided for the year	2,797	644	364	3,805
Eliminated on disposals	(5)	(405)	(209)	(619)
<b>At 31 December 2000</b>	<b>13,293</b>	<b>1,993</b>	<b>1,317</b>	<b>16,603</b>
<b>NET BOOK VALUES</b>				
<b>At 31 December 2000</b>	<b>5,344</b>	<b>2,792</b>	<b>294</b>	<b>8,430</b>
At 31 December 1999	8,533	1,171	658	10,362

The leasehold land and buildings of the Group were revalued at 31 December 2000 by Messrs. Knight Frank, an independent professional valuer, on an open market value basis. The surplus arising on revaluation has been credited to asset revaluation reserve.

If leasehold land and buildings of the Group had not been revalued, they would have been included in these financial statements at cost less accumulated depreciation at HK\$34,609,137 (1999: HK\$35,133,680).

Property, plant and equipment of the Group and the Company include assets carried at cost or valuation of HK\$19,817,086 (1999: HK\$18,736,106) and HK\$844,238 (1999: HK\$844,238) respectively and accumulated depreciation of HK\$17,747,881 (1999: HK\$16,624,794) and HK\$782,827 (1999: HK\$753,367) respectively in respect of assets held for use in operating leases.

**13. INVESTMENT PROPERTIES**

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
At 1 January	25,173,000	25,949,000	3,250,000	3,410,000
Additions	9,955	1,530	1,263	51
Adjustment resulted from cost variation	(3,229)	-	-	-
Refund of cost	(110)	(145)	-	-
Disposals	(300)	(645,850)	-	-
Surplus (deficit) on revaluation	3,253,384	(131,535)	488,737	(160,051)
<b>At 31 December</b>	<b>28,432,700</b>	<b>25,173,000</b>	<b>3,740,000</b>	<b>3,250,000</b>

The investment properties of the Group and the Company were revalued at 31 December 2000 by Messrs. Knight Frank, an independent professional valuer, on an open market value basis. The surplus arising on revaluation has been credited to investment property revaluation reserve.

All of the investment properties of the Group and the Company are held for use under operating leases.

All of the investment properties of the Group and the Company are situated in Hong Kong and are held under long lease.

**14. INVESTMENTS IN SUBSIDIARIES**

	THE COMPANY	
	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	5	5
Amounts due therefrom	12,799,620	12,554,600
	12,799,625	12,554,605
Less: Provision for impairment loss	(404,000)	(404,000)
	<b>12,395,625</b>	<b>12,150,605</b>

The Directors consider that the unlisted investments are worth at least their cost.

Details of the principal subsidiaries held by the Company at 31 December 2000 are set out in note 37 to the financial statements.

## 15. INTERESTS IN ASSOCIATES

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	–	–	3	3
Share of net liabilities	(91,495)	(95,964)	–	–
	(91,495)	(95,964)	3	3
Amounts due therefrom	345,878	368,849	–	–
	254,383	272,885	3	3
Less: Provision for impairment loss	(202,999)	(206,418)	–	–
	51,384	66,467	3	3

The aggregate attributable share of results of the associates is based on the unaudited management accounts of Maxdo Investments Limited, Parallel Asia Engineering Company Limited and Wingrove Investment Pte Limited for the year ended 31 December 2000.

Details of the Group's associates at 31 December 2000 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Class of share held	Proportion of nominal value of issued share capital held by the Company		Principal activity
				indirectly	directly	
Maxdo Investments Limited	Incorporated	Hong Kong	Ordinary	47.07895%	–	Investment holding
Parallel Asia Engineering Company Limited	Incorporated	Hong Kong	Ordinary	–	25%	Investment holding
Wingrove Investment Pte Limited	Incorporated	Singapore	Ordinary	25%	–	Property development

## 16. INVESTMENTS IN SECURITIES

## THE GROUP

	Other securities	
	2000 HK\$'000	1999 HK\$'000
Equity securities:		
Listed in Hong Kong	<u>1,623,930</u>	<u>2,405,230</u>
Other investments:		
Club debentures	<u>2,831</u>	<u>2,831</u>
Unlisted shares	136,856	136,856
Amounts due therefrom	<u>668,276</u>	<u>649,633</u>
	<u>805,132</u>	<u>786,489</u>
Less: Provision for impairment losses	<u>(134,558)</u>	<u>(134,558)</u>
	<u>670,574</u>	<u>651,931</u>
	<u>673,405</u>	<u>654,762</u>
	<u>2,297,335</u>	<u>3,059,992</u>
Market value of securities listed in Hong Kong (Note)	<u>1,623,930</u>	<u>3,028,980</u>
Carrying amount analysed for reporting purposes as:		
Current (Note)	–	591,250
Non-current	<u>2,297,335</u>	<u>2,468,742</u>
	<u>2,297,335</u>	<u>3,059,992</u>

Note: The Group entered into agreements with an independent third party whereby the Group granted an option conferring rights to the third party to purchase certain listed securities from the Group for an aggregate consideration of approximately HK\$591,250,000 on 15 May 2000. The market value of those securities at 31 December 1999 was HK\$1,215,000,000. For the purposes of these financial statements, the fair value of those securities at 31 December 1999 has been taken to be the amount for which they can be disposed of having regard to the terms of the option.

## THE COMPANY

	Other securities	
	2000 HK\$'000	1999 HK\$'000
Other investments:		
Club debentures	<u>2,831</u>	<u>2,831</u>
Carrying amount analysed for reporting purpose as:		
Non-current	<u>2,831</u>	<u>2,831</u>

**17. STAFF HOUSING LOANS, SECURED**

	<b>THE GROUP AND THE COMPANY</b>	
	<b>2000</b>	<b>1999</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Staff housing loans, secured	<b>31,481</b>	57,283
Less: Amounts due within one year shown under current assets	<b>(2,583)</b>	(14,132)
	<b>28,898</b>	43,151

Disclosures pursuant to S.161B of the Companies Ordinance are as follows:

Name of borrower	:	Joseph Kam Shing MAU
Position	:	Company Secretary
Security	:	Property
Balance at 1 January 2000	:	HK\$7,699,389
Balance at 31 December 2000	:	-
Maximum outstanding during year	:	HK\$7,699,389

The secured advances arise in connection with an established Staff Housing Loan scheme granted on the same terms as for other employees who meet the qualifying criteria. The advances bear a fixed interest rate of 4% per annum.

**18. ACCOUNTS RECEIVABLE**

Accounts receivables are mainly in respect of rents which are normally payable in advance. Rents in arrears of the Group as at 31 December 2000 and 1999 were aged less than 90 days.

**19. CREDITORS AND ACCRUALS**

All of the trade payables of the Group as at 31 December 2000 and 1999 were aged less than 90 days.

**20. ADVANCES FROM INVESTEEES**

The advances are unsecured, interest free and are not repayable within one year.

**21. AMOUNTS DUE TO MINORITY SHAREHOLDERS**

The amounts are unsecured, interest free and are not repayable within one year.

**22. LOAN FROM A SUBSIDIARY**

	<b>THE COMPANY</b>	
	<b>2000</b>	<b>1999</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Unsecured loan	-	921,108
Less: Amount due within one year shown under current liabilities	-	(921,108)
	-	-

The loan bore interest at rate of 6.76% per annum and was repaid in full in June 2000.



**23. LONG TERM LOAN**

The amount is due to the ultimate holding company of a minority shareholder of a subsidiary and is unsecured, bears interest at the rate of 1.5% per annum over HIBOR and is not repayable within one year.

**24. LONG TERM BANK LOANS**

	THE GROUP		THE COMPANY	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Bank loans, unsecured	<b>2,705,500</b>	2,690,000	<b>2,705,500</b>	1,300,000
The bank loans are repayable as follows:				
Within one year	<b>815,500</b>	1,030,000	<b>815,500</b>	900,000
More than one year, but not exceeding two years	<b>150,000</b>	1,510,000	<b>150,000</b>	250,000
More than two years, but not exceeding five years	<b>1,740,000</b>	150,000	<b>1,740,000</b>	150,000
	<b>2,705,500</b>	2,690,000	<b>2,705,500</b>	1,300,000
Less: Amounts due within one year shown under current liabilities	<b>(815,500)</b>	(1,030,000)	<b>(815,500)</b>	(900,000)
	<b>1,890,000</b>	1,660,000	<b>1,890,000</b>	400,000

**25. CONVERTIBLE BONDS**

	THE GROUP	
	2000 HK\$'000	1999 HK\$'000
Convertible bonds	-	923,375
Less: Unamortised bonds issue expenses	-	(2,267)
	-	921,108
Less: Amount due within one year shown under current liabilities	-	(921,108)
	-	-

HD Finance (Cayman) Limited ("the Issuer"), a wholly-owned subsidiary of the Company, issued US\$175,000,000 convertible bonds on 7 June 1995. The bonds were guaranteed as to principal and interest by the Company, bore interest at the rate of 6.75% per annum and were repaid on 1 June 2000.

**26. FLOATING RATE NOTES**

	<b>THE GROUP</b>	
	<b>2000</b>	<b>1999</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Floating rates notes	<b>2,400,000</b>	2,400,000
Less: Unamortised notes issue expenses	<b>(6,261)</b>	(9,116)
	<b><u>2,393,739</u></b>	<b><u>2,390,884</u></b>

HD Treasury (BVI) Limited and HD Finance (BVI) Limited, wholly-owned subsidiaries of the Company, issued HK\$2,000 million and HK\$400 million five-year floating rate notes on 27 March 1997 and 3 November 1999 respectively. The notes are guaranteed as to principal and interest by the Company, bear interest at the rate of 0.565% and 1.25% over the 3-month HIBOR and are repayable in full in March 2002 and November 2004 respectively.

**27. SHARE CAPITAL**

	<b>THE COMPANY</b>	
	<b>2000</b>	<b>1999</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Ordinary shares of HK\$5 each		
Authorised:		
<b>At 1 January and 31 December</b>	<b><u>7,250,000</u></b>	<b><u>7,250,000</u></b>
Issued and fully paid:		
At 1 January	<b>5,183,810</b>	5,158,136
Issued on exercise of warrant rights	–	28
Issued pursuant to scrip dividend scheme	<b>18,481</b>	25,646
Shares repurchased and cancelled	<b>(51,035)</b>	–
<b>At 31 December</b>	<b><u>5,151,256</u></b>	<b><u>5,183,810</u></b>

During the year, the Company repurchased its own shares through the Hong Kong Stock Exchange as follows:

Month of repurchase	No. of ordinary shares of HK\$5 each	Price per share		Aggregate consideration paid HK\$
		Highest HK\$	Lowest HK\$	
February	6,194,000	8.90	8.00	52,523,977
November	3,513,000	9.75	9.00	33,604,840
December	500,000	9.50	9.45	4,758,813

The above shares were cancelled upon repurchase.

**28. EXECUTIVE SHARE OPTION SCHEME**

On 28 April 1995, an Executive Share Option Scheme was approved by the shareholders under which the Directors of the Company may, at their discretion, offer any employee (including any director) of the Company or of any of its wholly-owned subsidiary options to subscribe for shares (the "Shares") in the Company subject to the terms and conditions stipulated in the Executive Share Option Scheme.

At 31 December 2000, the Company had outstanding options granted to qualifying employees (including Directors) of the Company and any of its wholly-owned subsidiaries to subscribe for shares of the Company as follows:

<b>Date of grant</b>	<b>Exercise price per share HK\$</b>	<b>Exercise period</b>	<b>Number of options outstanding</b>
3 May 1995	13.46	3 May 1997 to 2 May 2005	1,125,000
3 May 1995	13.46	3 May 1997 to 2 May 2005	900,000
7 January 1999	9.22	7 January 2001 to 6 January 2009	1,350,000
23 December 1999	7.54	23 December 2001 to 22 December 2009	1,200,000
			<u>4,575,000</u>

The consideration paid on each grant of options was HK\$1.00. During the year, certain granted options to subscribe for 450,000 shares of the Company have lapsed on resignation.

The maximum number of Shares in respect of which options may be granted under the Executive Share Option Scheme (together with the Shares issued and issuable under the Executive Share Option Scheme) by the Company to or for the benefit of employees may not exceed in nominal value three percent of the issued share capital of the Company (excluding Shares issued pursuant to the Executive Share Option Scheme) from time to time.

**29. ACCUMULATED PROFITS**

	<b>THE GROUP</b>		<b>THE COMPANY</b>	
	<b>2000</b>	<b>1999</b>	<b>2000</b>	<b>1999</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
At 1 January	<b>3,110,025</b>	2,318,862	<b>4,211,773</b>	3,636,058
Share repurchased and cancelled:				
– Nominal value of share repurchased	<b>(51,035)</b>	–	<b>(51,035)</b>	–
– Premium on shares repurchased	<b>(39,836)</b>	–	<b>(39,836)</b>	–
– Share repurchase expenses	<b>(16)</b>	–	<b>(16)</b>	–
Net profit for the year	<b>850,173</b>	1,203,958	<b>389,246</b>	988,510
Profit available for distribution	<b>3,869,311</b>	3,522,820	<b>4,510,132</b>	4,624,568
Dividends	<b>(433,064)</b>	(412,795)	<b>(433,064)</b>	(412,795)
<b>At 31 December</b>	<b><u>3,436,247</u></b>	<u>3,110,025</u>	<b><u>4,077,068</u></b>	<u>4,211,773</u>

The accumulated profits of the Group include accumulated losses of HK\$85,792,248 (1999: HK\$90,002,199) attributable to associates of the Group.

The distributable reserves of the Company as at 31 December 2000 amounted to HK\$4,177,068,123 (1999: HK\$4,311,773,132), being its accumulated profits and general reserve at that date.

## 30. OTHER RESERVES

	Share premium account HK\$'000	Investment property revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Asset revaluation reserve HK\$'000	Capital reserve HK\$'000	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Total HK\$'000
<b>THE GROUP</b>									
At 1 January 1999	1,224,782	8,941,743	184,939	2,600	500,718	(12,736)	69,140	100,000	11,011,186
Premium on issue of shares upon exercise of warrants	63	-	-	-	-	-	-	-	63
Premium on issue of shares pursuant to scrip dividend scheme	33,550	-	-	-	-	-	-	-	33,550
Share issue expenses	(32)	-	-	-	-	-	-	-	(32)
Unrealised gain on investments in other securities	-	-	1,511,860	-	-	-	-	-	1,511,860
Recognition of unrealised gain on disposal of investments in other securities transferred to income statement	-	-	(42,622)	-	-	-	-	-	(42,622)
Deficit on revaluation of investment properties	-	(131,535)	-	-	-	-	-	-	(131,535)
Surplus on revaluation of land and buildings	-	-	-	6,119	-	-	-	-	6,119
Deficit on revaluation of investment properties shared by minority shareholders	-	23,361	-	-	-	-	-	-	23,361
Realisation on disposal of investment properties transferred to income statement	-	(488,463)	-	-	-	-	-	-	(488,463)
At 31 December 1999 and 1 January 2000	1,258,363	8,345,106	1,654,177	8,719	500,718	(12,736)	69,140	100,000	11,923,487
Premium on issue of shares pursuant to scrip dividend scheme	14,189	-	-	-	-	-	-	-	14,189
Share issue expenses	(14)	-	-	-	-	-	-	-	(14)
Shares repurchased and cancelled	-	-	-	-	-	-	51,035	-	51,035
Unrealised loss on investments in other securities	-	-	(190,050)	-	-	-	-	-	(190,050)
Recognition of unrealised gain on disposal of investments in other securities transferred to income statement	-	-	(293,922)	-	-	-	-	-	(293,922)
Surplus on revaluation of investment properties	-	3,253,384	-	-	-	-	-	-	3,253,384
Surplus on revaluation of land and buildings	-	-	-	2,833	-	-	-	-	2,833
Surplus on revaluation of investment properties shared by minority shareholders	-	(189,533)	-	-	-	-	-	-	(189,533)
Share of reserve of an associate	-	-	-	-	384	-	-	-	384
Realisation on disposal of investment properties transferred to income statement	-	(250)	-	-	-	-	-	-	(250)
At 31 December 2000	<u>1,272,538</u>	<u>11,408,707</u>	<u>1,170,205</u>	<u>11,552</u>	<u>501,102</u>	<u>(12,736)</u>	<u>120,175</u>	<u>100,000</u>	<u>14,571,543</u>

**30. OTHER RESERVES (continued)**

	Share premium account HK\$'000	Investment property revaluation reserve HK\$'000	Capital redemption reserve HK\$'000	General reserve HK\$'000	Total HK\$'000
<b>THE COMPANY</b>					
At 1 January 1999	1,224,782	2,111,550	69,140	100,000	3,505,472
Premium on issue of shares upon exercise of warrants	63	-	-	-	63
Premium on issue of shares pursuant to scrip dividend scheme	33,550	-	-	-	33,550
Share issue expenses	(32)	-	-	-	(32)
Deficit on revaluation of investment properties	-	(160,051)	-	-	(160,051)
At 31 December 1999 and 1 January 2000	1,258,363	1,951,499	69,140	100,000	3,379,002
Premium on issue of shares pursuant to scrip dividend scheme	14,189	-	-	-	14,189
Share issue expenses	(14)	-	-	-	(14)
Surplus on revaluation of investment properties	-	488,737	-	-	488,737
Shares repurchased and cancelled	-	-	51,035	-	51,035
<b>At 31 December 2000</b>	<b>1,272,538</b>	<b>2,440,236</b>	<b>120,175</b>	<b>100,000</b>	<b>3,932,949</b>

- (a) Included in the above are the following Group's share of post-acquisition reserves of the associates:

	Capital reserve HK\$'000	Translation reserve HK\$'000	Total HK\$'000
At 1 January 2000	1,746	(12,736)	(10,990)
Increase during the year	384	-	384
<b>At 31 December 2000</b>	<b>2,130</b>	<b>(12,736)</b>	<b>(10,606)</b>

- (b) General reserve

General reserve was set up from the transfer of retained earnings.

- (c) Capital reserve

Capital reserve comprises negative goodwill arising from acquisition of subsidiaries, capitalisation issue of a subsidiary and share of capital reserve of an associate.

### 31. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 HK\$'000	1999 HK\$'000
Profit before taxation	1,033,126	1,365,409
Impairment losses (reversed) recognised in respect of interests in associates	(3,419)	98,418
Share of results of associates	(4,210)	4,284
Net interest expenses	417,626	470,106
Dividend income	(11,830)	(1,799)
Depreciation	5,624	5,679
Gain on property sales	(350)	(482,562)
Gain on disposal of investments in other securities	(293,842)	(159,649)
Gain on disposal of property, plant and equipment	(20)	-
Gain on repurchase of convertible bonds	(2)	(342)
Exchange loss on convertible bonds	-	6,972
Exchange loss on advances from investees	3,193	-
Amortisation of convertible bonds and floating rate notes issue expenses	5,123	9,119
Decrease in accounts receivable, prepayments and deposits	2,513	52,283
Decrease in staff housing loans, secured	25,802	6,719
Decrease in trading securities	-	33,064
Decrease in rental deposits from tenants, creditors and accruals	(12,346)	(109,056)
Net cash inflow from operating activities	<u>1,166,988</u>	<u>1,298,645</u>

## 32. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium HK\$'000	Bank loans, other loans and other financing HK\$'000
At 1 January 1999	6,382,918	7,905,385
Proceeds on issue of shares	91	–
Share issue expenses	(32)	–
Net proceeds on issue of floating rate notes	–	394,790
New unsecured bank loans	–	50,000
Repayment of unsecured bank loans	–	(1,466,000)
Repurchase of convertible bonds	–	(200,893)
Advances from investees	–	11,552
Net cash inflow (outflow) from financing	59	(1,210,551)
Exchange loss on convertible bonds	–	6,972
Gain on repurchase of convertible bonds	–	(342)
Amortisation of convertible bonds and floating rate notes issue expenses	–	9,119
Dividend income from investees	–	(100,756)
Issue of shares pursuant to scrip dividend scheme for 1998 final and 1999 interim dividends	59,196	–
	59,255	(1,295,558)
At 31 December 1999 and 1 January 2000	6,442,173	6,609,827
Share issue expenses	(14)	–
Repurchase of own shares	(90,887)	–
New unsecured bank loans	–	2,305,500
Repayment of unsecured bank loans	–	(2,290,000)
Repurchase of convertible bonds	–	(923,374)
Advances from investees	–	9,763
Net cash outflow from financing	(90,901)	(898,111)
Exchange loss on advances from investees	–	3,193
Dividend income from investees	–	(4,790)
Premium on share repurchase	39,852	–
Gain on repurchase of convertible bonds	–	(2)
Amortisation of convertible bonds and floating rate notes issue expenses	–	5,123
Issue of shares pursuant to scrip dividend scheme for 1999 final and 2000 interim dividends	32,670	–
	(18,379)	(894,587)
At 31 December 2000	6,423,794	5,715,240

### 33. CONTINGENT LIABILITIES

As at 31 December 2000, there were contingent liabilities in respect of the following:

	THE GROUP		THE COMPANY	
	2000 Million	1999 Million	2000 Million	1999 Million
Guarantee to bankers to provide finance to a subsidiary	-	-	-	HK\$1,390.0
Corporate guarantee to a subsidiary for bonds issue	-	-	-	US\$118.3
Corporate guarantee to subsidiaries for issue of floating rate notes	-	-	HK\$2,400.0	HK\$2,400.0
Share of counter guarantees given to:				
- A subsidiary of an associate	-	HK\$55.1	-	HK\$55.1
- Partners of property development projects	-	US\$6.2	-	-
	<b>S\$18.6</b>	<b>S\$18.8</b>	-	-
Guarantees to bankers to provide finance to				
- An associate	<b>S\$12.0</b>	<b>S\$12.0</b>	<b>S\$12.0</b>	<b>S\$12.0</b>
- Property development project	<b>S\$22.0</b>	<b>S\$22.0</b>	<b>S\$22.0</b>	<b>S\$22.0</b>

### 34. CAPITAL COMMITMENTS

As at 31 December 2000, there were capital commitments as follows:

	THE GROUP		THE COMPANY	
	2000 HK\$ (Million)	1999 HK\$ (Million)	2000 HK\$ (Million)	1999 HK\$ (Million)
Uncalled share of shareholders' loan for property development projects	<b>34.0</b>	<b>77.2</b>	-	-
Acquisition of investment properties contracted for but not provided in the financial statements	<b>12.0</b>	-	-	-

The Group has also participated in two other property development projects in Singapore with 10% interest in each project. The Group has undertaken, in the agreed proportion, to meet all funding requirements necessary for these property developments by way of subscription to share capital, shareholders' loans or otherwise. At 31 December 2000, the Group's maximum funding requirements for these two projects is approximately HK\$98 million (1999: HK\$112 million). Should there be any pre-sale of these two projects, funding requirements will be reduced accordingly.



**35. LEASE COMMITMENTS**

As at 31 December 2000, there were annual lease commitments as follows:

	THE GROUP		THE COMPANY	
	2000 HK\$ (Million)	1999 HK\$ (Million)	2000 HK\$ (Million)	1999 HK\$ (Million)
Operating leases for rented premises which expire				
- within one year	-	-	0.9	7.5
- in the second to fifth year inclusive	-	-	10.9	4.0
	<u>-</u>	<u>-</u>	<u>11.8</u>	<u>11.5</u>

**36. RELATED PARTY TRANSACTIONS**

During the year, the Group has the following transactions with related parties:

	Note	Substantial shareholder		Senior management executives		Directors	
		2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Interest income from staff housing loans	(a)	-	-	134	624	-	8
Repairs and maintenance expenses paid to	(b)	-	-	-	-	20,806	21,221
Gross rental income from	(c)	5,936	6,538	-	-	56,357	62,293
Construction cost paid during the year for investment properties completed in previous years	(d)	-	-	-	-	8,817	8,963

**36. RELATED PARTY TRANSACTIONS (continued)**

As at 31 December 2000, the Group has the following balances with related parties:

	Note	Substantial shareholder		Senior management executives		Directors	
		2000	1999	2000	1999	2000	1999
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Staff housing loans	(a)	-	-	-	14,451	-	-
Amount due to minority shareholder	(a)	-	-	-	-	<b>84,486</b>	84,486
Construction cost payable to	(d)	-	-	-	-	<b>179</b>	5,819

- (a) The details of the terms of staff housing loans and amount due to minority shareholder are set out in notes 17 and 21 to the financial statements respectively.
- (b) F.K. Hu (and his alternate, Raymond L.M. Hu) are shareholders and directors of Ryoden Lift Services Limited ("RLL"), Ryoden Lift and Escalator Company Limited ("RLE") and Ryoden Engineering Contracting Company Limited ("REL"). RLL and RLE entered into a number of lift and escalator maintenance contracts with a subsidiary of the Company. REL entered into a number of electrical installation maintenance and repair contracts with a number of the Company's subsidiaries. The agreements were entered into on normal commercial terms and on arm's length basis.
- (c) The Group has, in the normal course of its business, entered into lease agreements with related parties to lease premises for varying period. The leases were entered into on normal commercial terms and on arm's length basis.
- (d) The following Directors are interested in contracts entered into with a subsidiary of the Company relating to the construction of The Lee Gardens:
- (i) Geoffrey M. T. Yeh (and his alternate, V-nee Yeh) are substantial shareholders and directors of Hsin Chong Construction Group Limited whose associated company entered into a MVAC/BAS contract.
- (ii) RLE and REL entered into lift and electrical installation contracts. The interests of F.K. Hu are set out in (b) above.

The contracts have now been completed, with the relevant sum being the amount paid under the contracts during the review year. Such transactions were entered into on normal commercial terms and on arm's length basis.

## 37. PRINCIPAL SUBSIDIARIES AT 31 DECEMBER 2000

Name of subsidiary	Place of incorporation	Place of operation	Class of share held	Issued share capital	Proportion of nominal value of issued share capital held by the Company		Principal activity
					indirectly	directly	
Admore Investments Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	-	100%	Investment holding
Golden Capital Investment Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	-	100%	Investment holding
HD Finance (BVI) Limited	British Virgin Islands	British Virgin Islands	Ordinary	HK\$1	-	100%	Treasury operation
HD Treasury (BVI) Limited	British Virgin Islands	British Virgin Islands	Ordinary	HK\$1	-	100%	Treasury operation
HD Treasury Management Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	-	100%	Treasury operation
Hysan China Holdings Limited	British Virgin Islands	British Virgin Islands	Ordinary	HK\$1	-	100%	Investment holding
Hysan Project Management (PRC) Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	-	100%	Project management
Hysan Property Management Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	-	100%	Property management
Kwong Hup Holding Limited	British Virgin Islands	British Virgin Islands	Ordinary	HK\$1	-	100%	Investment holding
Kwong Wan Realty Limited	Hong Kong	Hong Kong	Ordinary	HK\$1,000	-	100%	Property investment
Minsal Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	-	100%	Property investment
Mondsee Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	-	100%	Property investment
Stangard Limited	Hong Kong	Hong Kong	Ordinary	HK\$300,000	-	100%	Provision of security services
Teamfine Enterprises Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	-	100%	Investment holding
Tohon Development Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	-	100%	Property investment

## 37. PRINCIPAL SUBSIDIARIES AT 31 DECEMBER 2000 (continued)

Name of subsidiary	Place of incorporation	Place of operation	Class of share held	Issued share capital	Proportion of nominal value of issued share capital held by the Company		Principal activity
					indirectly	directly	
Bamboo Grove Recreational Services Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	100%	-	Resident club management
HD Investment Limited	British Virgin Islands	British Virgin Islands	Ordinary	HK\$1	100%	-	Investment holding
Hinway Holdings Limited	British Virgin Islands	British Virgin Islands	Ordinary	HK\$1	100%	-	Investment holding
Jarrow Properties Limited	British Virgin Islands	British Virgin Islands	Ordinary	HK\$1	100%	-	Investment holding
Kochi Investments Limited	British Virgin Islands	British Virgin Islands	Ordinary	HK\$1	100%	-	Capital market investment
Leighton Property Company Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	100%	-	Property investment
Main Rise Development Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	100%	-	Investment holding
OHA Property Company Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	100%	-	Property investment
Perfect Win Properties Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	100%	-	Property investment
Profit Team Investment Limited	Hong Kong	Hong Kong	Ordinary	HK\$2	100%	-	Investment holding
Silver Nicety Company Limited	Hong Kong	Hong Kong	Ordinary	HK\$20	100%	-	Property investment
South Eagle Investments Limited	British Virgin Islands	Hong Kong	Ordinary	US\$1	100%	-	Property investment
Lee Theatre Realty Limited	Hong Kong	Hong Kong	Ordinary	HK\$10	70%	-	Property investment
Barrowgate Limited	Hong Kong	Hong Kong	Ordinary	HK\$10,000	65.36%	-	Property investment

The Directors are of the opinion that a complete list of all subsidiaries and their particulars will be of excessive length and therefore the above table contains only those subsidiaries which materially affected the results or assets of the Group.