

**9. SENIOR EXECUTIVES' EMOLUMENTS**

- (a) The five highest paid individuals included two (1999 - two) Directors, details of whose remuneration are disclosed in note 8 to the financial statements. The emoluments of the other three (1999 - three) individuals, who were not Directors, are as follows:

	<b>GROUP</b>	
	<b>2000 HK\$' million</b>	<b>1999 HK\$' million</b>
Salaries and other emoluments	4.5	8.8
Performance related/discretionary bonuses	—	0.5
Staff retirement scheme contributions	0.2	0.1
	<u>4.7</u>	<u>9.4</u>

The emoluments of the three (1999 - three) individuals fell within the following bands:

<b>HK\$</b>	<b>2000 Number of individuals</b>	<b>1999 Number of individuals</b>
1,000,001 - 1,500,000	2	—
1,500,001 - 2,000,000	1	—
2,500,001 - 3,000,000	—	2
3,500,001 - 4,000,000	—	1
	<u>—</u>	<u>—</u>

The emoluments included the emoluments received by those individuals from PHL and RHIHL in connection with the management of the affairs of these subsidiary companies during the year.

(b) Share options

No share options have been granted by the Company to the senior executives of the Company mentioned above.

Details of the share options granted by PHL and RHIHL to the senior executives of the Company mentioned above are as follows:

**PHL**

	Number of shares under options					Total 'million
	Granted on 15th September, 1995 with Original Grant Date *				Granted	
	Granted on 22nd February, 1994 'million	of 22nd February, 1992 'million	of 22nd February, 1993 'million	of 22nd February, 1994 'million	on 22nd February, 1997 'million	
Balance at beginning and at end of year	<u>2.3</u> <sup>(1)</sup>	<u>4.2</u> <sup>(2)</sup>	<u>1.8</u> <sup>(3)</sup>	<u>3.1</u> <sup>(4)</sup>	<u>0.6</u> <sup>(5)</sup>	<u>12.0</u>
Outstanding rights vested with the senior executives at end of year	<u>1.4</u> <sup>(1)</sup>	<u>3.2</u> <sup>(2)</sup>	<u>1.2</u> <sup>(3)</sup>	<u>1.9</u> <sup>(4)</sup>	<u>0.2</u> <sup>(5)</sup>	
Exercise price per share (HK\$)	<u>10.4000</u>	<u>0.6656</u>	<u>1.1571</u>	<u>3.5392</u>	<u>6.6720</u>	

\* See note 8(b)(1) to the financial statements.

- (1) The options for 1.4 million shares are exercisable at any time. The options for the remaining 0.9 million shares are exercisable in stages commencing seven years from the date of grant.
- (2) The option for 3.2 million shares is exercisable at any time. The option for the remaining 1.0 million shares is exercisable in stages commencing nine years from the Original Grant Date.
- (3) The option for 1.2 million shares is exercisable at any time. The option for the remaining 0.6 million shares is exercisable in stages commencing eight years from the Original Grant Date.
- (4) The option for 1.9 million shares is exercisable at any time. The option for the remaining 1.2 million shares is exercisable in stages commencing seven years from the Original Grant Date.
- (5) The option for 0.2 million shares is exercisable at any time. The option for the remaining 0.4 million shares is exercisable in stages commencing four years from the date of grant.

**RHIHL**

	Number of ordinary shares under options		
	Granted on 22nd February, 1992 'million	Granted on 5th August, 1993 'million	Total 'million
Balance at beginning and at end of year	<u>1.8<sup>(1)</sup></u>	<u>1.2<sup>(2)</sup></u>	<u>3.0</u>
Outstanding rights vested with the senior executive at end of year	<u>1.4<sup>(1)</sup></u>	<u>0.8<sup>(2)</sup></u>	
Exercise price per ordinary share (HK\$)	<u>0.7083</u>	<u>1.1083</u>	

- (1) The option for 1.4 million ordinary shares is exercisable at any time. The option for the remaining 0.4 million ordinary shares is exercisable in stages commencing nine years from the date of grant.
- (2) The option for 0.8 million ordinary shares is exercisable at any time. The option for the remaining 0.4 million ordinary shares is exercisable in stages commencing eight years from the date of grant.

Under the terms of grant, the options granted on the shares of PHL and RHIHL are not transferrable and, in the absence of a readily available market value, the Directors are unable to arrive at an accurate assessment of the value of the options granted to the respective senior executives.

## 10. TAX

	GROUP	
	2000 HK\$'million	1999 HK\$'million
The Company and subsidiary companies/partnerships:		
Provision for tax in respect of profits for the year:		
Hong Kong	5.4	24.1
Overseas	2.8	22.8
	8.2	46.9
Prior year overprovisions:		
Hong Kong	(0.8)	(13.2)
Capital gains tax - overseas	12.3	24.2
Transfer from deferred tax (note 33)	(0.8)	(3.2)
Tax charge for the year	18.9	54.7

The provision for Hong Kong profits tax has been calculated by applying the applicable tax rate of 16% (1999 - 16%) to the estimated assessable profits which were earned in or derived from Hong Kong during the year.

Tax on the profits of subsidiary companies/partnerships operating overseas is calculated at the rates prevailing in the respective jurisdictions in which they operate, based on existing law, practices and interpretations thereof.

No provision for tax is required for the associates or the jointly controlled entity as no assessable profits were earned by these associates or the jointly controlled entity during the year.

**11. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS**

The net loss from ordinary activities attributable to shareholders dealt with in the financial statements of the Company is HK\$295.9 million (1999 - HK\$1,157.4 million).

**12. TRANSFER FROM OTHER RESERVES**

	GROUP	
	2000 HK\$' million	1999 HK\$' million
Transfer from revaluation reserve of the portion of depreciation charge on leasehold properties attributable to the revaluation surplus in relation thereto (note 40)	5.0	5.9

**13. ACCUMULATED LOSSES AT END OF YEAR**

Accumulated losses at end of year accumulated in:

	GROUP	
	2000 HK\$' million	1999 HK\$' million
The Company and subsidiary companies/partnerships	(1,755.5)	(1,726.7)
Associates	(196.4)	(187.4)
Jointly controlled entity	(1,006.8)	(930.5)

## 14. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the year of HK\$121.6 million (1999 - HK\$1,261.6 million) and on the weighted average of 3,288.5 million (1999 - 3,068.8 million) shares of the Company in issue during the year.

### (b) Diluted loss per share

No diluted loss per share is presented for the year ended 31st December, 2000, as no diluting events existed during the year. No diluted loss per share was presented for the year ended 31st December, 1999, as the exercise of the warrants of the Company then outstanding was anti-dilutive.

## 15. FIXED ASSETS

### GROUP

	1st January, 2000 HK\$'million	Exchange adjustments HK\$'million	Additions HK\$'million	Transfer from property under development HK\$'million	Transfer from leasehold properties HK\$'million	Disposal of subsidiary companies HK\$'million	Other Disposals HK\$'million	Surplus/ (Deficit) on revaluation HK\$'million	31st December, 2000 HK\$'million
At valuation:									
Investment properties	3,325.8	-	0.5	-	38.0	-	-	(209.1)	3,485.2
Hotels, including furniture, fixtures and equipment	9,187.5	(7.3)	18.7	755.7	-	-	-	137.4	10,092.0
	<u>12,513.3</u>	<u>(7.3)</u>	<u>19.2</u>	<u>755.7</u>	<u>38.0</u>	<u>-</u>	<u>-</u>	<u>(71.7)</u>	<u>13,247.2</u>
At cost:									
Leasehold properties	722.4	0.1	-	-	(43.4)	-	(44.1)	-	635.0
Leasehold improvements, furniture, fixtures and equipment	139.1	0.2	5.0	-	-	(2.0)	(16.1)	-	126.2
Site equipment	1.7	-	-	-	-	-	-	-	1.7
Construction in progress	28.9	0.1	0.4	-	-	-	(1.2)	-	28.2
Motor vehicles	7.3	-	0.1	-	-	-	(0.9)	-	6.5
	<u>13,412.7</u>	<u>(6.9)</u>	<u>24.7</u>	<u>755.7</u>	<u>(5.4)</u>	<u>(2.0)</u>	<u>(62.3)</u>	<u>(71.7)</u>	<u>14,044.8</u>
Accumulated depreciation:									
Hotel furniture, fixtures and equipment	124.5	(1.1)	32.8	-	-	-	-	-	156.2
Leasehold properties	94.6	-	15.0	-	(5.4)	-	(19.1)	-	85.1
Leasehold improvements, furniture, fixtures and equipment	68.5	-	12.9	-	-	(1.5)	(12.8)	-	67.1
Site equipment	1.7	-	-	-	-	-	-	-	1.7
Motor vehicles	4.5	-	1.2	-	-	-	(0.7)	-	5.0
	<u>293.8</u>	<u>(1.1)</u>	<u>61.9</u>	<u>-</u>	<u>(5.4)</u>	<u>(1.5)</u>	<u>(32.6)</u>	<u>-</u>	<u>318.1</u>
Net book value	<u>13,118.9</u>								<u>13,729.7</u>



## Analysis of net book value by geographical location:

	2000 HK\$' million	1999 HK\$' million
Leasehold land and buildings in Hong Kong:		
Investment properties, at valuation at balance sheet date:		
Long term	512.9	530.6
Medium term	2,579.1	2,727.1
Hotel properties, at valuation at balance sheet date:		
Long term	3,973.0	4,090.0
Medium term	5,739.0	4,743.0
Leasehold properties, at cost or deemed cost:		
Long term	512.5	564.0
Medium term	4.9	5.1
	<u>13,321.4</u>	<u>12,659.8</u>
Properties situated in the People's Republic of China excluding Hong Kong (the "PRC"):		
Medium term leasehold properties, at cost	32.5	58.7
Long term leasehold land and investment properties, at valuation at balance sheet date	63.2	68.1
	<u>95.7</u>	<u>126.8</u>
Properties situated overseas:		
Freehold land and hotel property in Canada, at valuation at balance sheet date	223.8	230.0
	<u>13,640.9</u>	<u>13,016.6</u>

As at 31st December, 2000, certain investment properties and leasehold properties situated in Hong Kong, certain leasehold properties situated in the PRC and all of the hotel properties situated in Hong Kong and overseas were mortgaged to secure a syndicated loan and other credit facilities granted to the Group.

The valuations of the hotel properties and investment properties situated in Hong Kong as at 31st December, 2000 were performed by independent valuers with an RICS qualification on an open market, existing use basis.

The valuation of the hotel property situated overseas at 31st December, 2000 was performed by an independent valuer with an AACI qualification on an open market, existing use basis.

At 31st December, 2000, the investment properties situated in the PRC were stated at their subsequent selling price (note 50) as, in the opinion of the Directors, this approximated the open market value as at the balance sheet date. The valuations of these investment properties in the prior year were performed by an independent valuer with an RICS qualification, on an open market, existing use basis.

If the carrying value of the revalued properties had been reflected in these financial statements at cost less accumulated depreciation, the following amounts would have been accounted for:

	2000 HK\$'million	1999 HK\$'million
Investment properties	1,170.9	1,159.8
Hotel properties	5,413.0	4,658.2
Leasehold properties	151.1	167.2
	6,735.0	5,985.2



**16. PROPERTIES UNDER DEVELOPMENT**

	<b>GROUP</b>	
	<b>2000 HK\$' million</b>	<b>1999 HK\$' million</b>
Balance at beginning of year	1,420.4	5,501.3
Exchange adjustments	0.6	0.6
Other additions in land and development costs	133.2	431.4
Interest capitalised	32.4	104.3
Disposal of subsidiary companies	(596.8)	-
Other disposals	-	(375.9)
Transfer to:		
Hotel property (note 15)	(755.7)	(2,601.3)
Properties held for sale	-	(1,349.3)
Surplus on revaluation	-	109.3
Provisions for diminutions in values of properties under development	(20.0)	(400.0)
Balance at end of year	<u>214.1</u>	<u>1,420.4</u>
Properties under development included in current assets	<u>(156.0)</u>	<u>(155.4)</u>
Non-current portion	<u>58.1</u>	<u>1,265.0</u>
Analysis by geographical location:		
Leasehold land and buildings in Hong Kong held under medium term leases:		
At cost less provision for diminution in value	22.2	41.8
At valuation	-	645.0
	<u>22.2</u>	<u>686.8</u>
Freehold land in the U.S.A., at cost less provision for diminution in value	<u>156.0</u>	<u>155.4</u>
Leasehold land and buildings in the PRC, at cost less provisions for diminutions in values:		
Long term	25.5	19.8
Medium term	10.4	558.4
	<u>35.9</u>	<u>578.2</u>
	<u>214.1</u>	<u>1,420.4</u>

The valuation of hotel property under development in the prior year was performed by an independent valuer with an RICS qualification on an open market, intended use on completion basis. As at 31st December, 1999, certain of the Group's properties under development were pledged to secure banking facilities granted to the Group.

**17. PROPERTIES HELD FOR FUTURE DEVELOPMENT**

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Medium term leasehold land in Hong Kong, at cost:		
Balance at beginning of year	26.7	24.3
Additions during the year	-	0.3
Interest capitalised	-	2.1
	26.7	26.7
Balance at end of year	26.7	26.7

**18. INTEREST IN A JOINTLY CONTROLLED ENTITY**

	GROUP	
	2000 HK\$'million	1999 HK\$'million
Share of post-acquisition losses	(1,914.1)	(1,771.7)
Loans to the jointly controlled entity	2,646.5	2,502.3
Amount due from the jointly controlled entity	341.1	339.7
	1,073.5	1,070.3
	1,073.5	1,070.3

The share of post-acquisition losses included a provision for foreseeable loss in respect of a property development project amounted to HK\$1,633.3 million (1999 - HK\$1,633.3 million).

The loans to the jointly controlled entity are unsecured, bear interest at Hong Kong prime rate per annum and are not repayable within one year.