

**33. SHARE CAPITAL****Shares**

	COMPANY	
	Number of shares of HK\$1.00 each 'million	HK\$'million
Authorised:		
Balance at beginning and at end of year	6,000.0	6,000.0
Issued and fully paid:		
Balance at beginning and at end of year	2,318.5	2,318.5

Share options

The movements in share options granted pursuant to the Executive Share Option Scheme adopted by the Company on 23rd November, 1993 and subsequently approved by the independent shareholders of PIHL on 15th December, 1993 are as follows:

	Number of shares under options						Total 'million
	Granted on 15th September, 1995 with Original Grant Date ⁽¹⁾					Granted on 22nd February, 1997	
	Granted on 22nd February, 1994	of 22nd February, 1992	of 28th August, 1992	of 22nd February, 1993	of 22nd February, 1994		
'million	'million	'million	'million	'million	'million		
Balance at beginning of year	12.1	41.6	0.4	1.8	4.5	5.7	66.1
Cancelled during the year	(0.9)	(0.9)	(0.4)	-	(1.4)	-	(3.6)
Balance at end of year	11.2	40.7	-	1.8	3.1	5.7	62.5
Exercise price per share (HK\$):	10.4000	0.6656	1.3260	1.1571	3.5392	6.6720	
Outstanding rights vested with option holders as at the date of approval of the financial statements by the Board of Directors, inclusive of those exercised since the year end date	7.8	34.4	-	1.4	2.2	2.3	

(1) Refer to note 8(b)(1) to the financial statements.

The options are exercisable in stages commencing two years from their respective dates of grant or Original Grant Dates, as applicable.

The exercise in full of the outstanding rights, which have vested with the holders of the options up to the date of approval of the financial statements by the Board of Directors (inclusive of those exercised since the year end date) would have, with the capital structure of the Company as at 31st December, 2000, resulted in the issue of 48.1 million additional shares and cash proceeds to the Company of approximately HK\$128.7 million before the related issue expenses.

34. RESERVES

	Notes	GROUP		COMPANY	
		2000 HK\$ million	1999 HK\$ million	2000 HK\$ million	1999 HK\$ million
Share premium	35	68.3	68.3	68.3	68.3
Capital redemption reserve	36	52.4	52.4	52.4	52.4
Capital reserve	37	1,599.4	1,613.0	-	-
Revaluation reserves	38	3,145.1	3,313.1	-	-
Exchange equalisation reserve	39	(6.6)	2.1	-	-
Contributed surplus	41	-	-	281.1	281.1
Accumulated losses		(2,501.9)	(1,874.7)	(255.0)	(258.0)
		<u>2,356.7</u>	<u>3,174.2</u>	<u>146.8</u>	<u>143.8</u>

35. SHARE PREMIUM

	COMPANY	
	2000 HK\$ million	1999 HK\$ million
Balance at beginning and at end of year	<u>68.3</u>	<u>68.3</u>

**36. CAPITAL REDEMPTION RESERVE**

	GROUP AND COMPANY	
	2000 HK\$ million	1999 HK\$ million
Balance at beginning and at end of year	<u>52.4</u>	<u>52.4</u>

37. CAPITAL RESERVE

	GROUP	
	2000 HK\$ million	1999 HK\$ million
Balance at beginning of year	1,613.0	830.7
Release on disposal of ordinary shares in the listed subsidiary company	-	(2.6)
Release as a result of the deemed disposal of the Group's interest in the listed subsidiary company	(4.1)	-
Goodwill eliminated against capital reserve released on disposal of subsidiary companies/partnerships	-	783.4
Goodwill eliminated against capital reserve released on disposal of an associate	-	1.5
Share of goodwill of an associate eliminated directly against reserves	(9.5)	-
Balance at end of year	<u>1,599.4</u>	<u>1,613.0</u>

38. REVALUATION RESERVES

	GROUP					
	Associates*	Investment properties	Hotel properties	Leasehold properties	Long term investments	Total
	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million	HK\$'million
At 1st January, 1999	60.3	3,296.0	1,015.6	405.5	(99.2)	4,678.2
Movement in fair value	-	-	-	-	37.9	37.9
Release on disposal of ordinary shares in the listed subsidiary company	(0.2)	(0.1)	(2.4)	-	0.3	(2.4)
Release on disposal of subsidiary companies/partnerships	(41.4)	(49.6)	(530.6)	-	-	(621.6)
Release on disposal	-	(0.9)	-	-	(6.3)	(7.2)
Transfer to retained profits (note 12)	-	-	-	(9.9)	-	(9.9)
Surplus/(Deficit) on revaluation	1.0	(1,072.5)	309.6	-	-	(761.9)
At 31st December, 1999 and at 1st January, 2000	19.7	2,172.9	792.2	395.6	(67.3)	3,313.1
Movement in fair value	-	-	-	-	(44.3)	(44.3)
Reclassification of leasehold properties as investment properties	-	27.1	-	(27.1)	-	-
Release on deemed disposal of the Group's interest in the listed subsidiary company	(0.1)	-	(1.6)	-	0.2	(1.5)
Release on disposal	(19.6)	-	-	-	0.7	(18.9)
Transfer to retained profits (note 12)	-	-	-	(8.4)	-	(8.4)
Surplus/(Deficit) on revaluation	-	(203.9)	109.0	-	-	(94.9)
At 31st December, 2000	<u>-</u>	<u>1,996.1</u>	<u>899.6</u>	<u>360.1</u>	<u>(110.7)</u>	<u>3,145.1</u>

* This represents the Group's share of revaluation reserve of associates in relation to hotel properties.

The revaluations of the Group's hotel properties and investment properties in Hong Kong do not constitute timing differences because the realisation of the revaluation surplus would not be subject to Hong Kong profits tax.

**39. EXCHANGE EQUALISATION RESERVE**

	GROUP	
	2000 HK\$' million	1999 HK\$' million
Balance at beginning of year	2.1	(3.9)
Release on disposal of overseas subsidiary companies/partnerships	(2.3)	(7.5)
Release on disposal of an overseas associate	(3.5)	-
Exchange adjustment on translation of the financial statements of overseas subsidiary companies/partnerships	(2.9)	13.5
Balance at end of year	<u>(6.6)</u>	<u>2.1</u>

40. INTERESTS IN SUBSIDIARY COMPANIES

	COMPANY	
	2000 HK\$' million	1999 HK\$' million
Unlisted shares, at cost	154.4	154.4
Amounts due from subsidiary companies	2,419.7	2,554.7
	<u>2,574.1</u>	<u>2,709.1</u>



Details of the principal subsidiary companies are as follows:

Name	Place of incorporation/ registration	Issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			2000	1999	
Athlone Limited	Hong Kong	HK\$10,000	100	100	Property investment
Bajan Company Limited	Hong Kong	HK\$2	100	100	Securities trading
Beijing Century City Real Estate Development Co., Ltd.*	The People's Republic of China	US\$26,670,000	23	95	Property development and investment
Beijing Jianye Real Estate Developing Co., Ltd.*	The People's Republic of China	US\$10,410,000	23	95	Property development and investment
Bonseta Limited	Hong Kong	HK\$2	100	100	Financing
Cathay City BVI Holdings Limited	British Virgin Islands	HK\$10	100	100	Investment holding
Cathay City Investments Limited	Hong Kong	HK\$89,626,000	100	100	Investment holding
Cathay City Development, Inc.	U.S.A.	US\$6,000,000	100	100	Property development and investment
Cathay City Property Management, Inc.	U.S.A.	US\$10,000	100	100	Property and project management
Chatwin Construction Management Limited	Hong Kong	HK\$2	100	100	Construction management
Chatwin Engineering Limited	Hong Kong	HK\$2,800,000	80	80	Building construction
Cheer Faith Limited	Hong Kong	HK\$2	100	100	Financing



Name	Place of incorporation/ registration	Issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			2000	1999	
Chinatrend (Holdings) Limited	Hong Kong	HK\$10,000	75	75	Investment holding
Chinatrend (Weifang Cement Plant) Limited	Hong Kong	HK\$2	75	75	Investment holding
Cosmos Best Development Limited	Hong Kong	HK\$2	100	100	Management Services
Cosmos Gain Investment Limited	Hong Kong	HK\$2	100	100	Property development and investment
Everlane Investment Limited	Hong Kong	HK\$2	100	100	Property development and investment
Farich Investment Limited	Hong Kong	HK\$2	100	100	Investment holding
Fine Cosmos Development Limited	Hong Kong	HK\$2	100	100	Property development and investment
Finso Limited	Hong Kong	HK\$2	100	100	Investment holding
Gain World Investments Limited	British Virgin Islands	US\$1	100	100	Investment holding
Glaser Holdings Limited	British Virgin Islands	US\$1	100	100	Investment holding
Glory Legend Development Limited	Hong Kong	HK\$2	100	100	Financing
Good Focus Holdings Limited	British Virgin Islands	US\$1	100	100	Property investment
Granco Development Limited	Hong Kong	HK\$2	100	100	Property development and investment
H.P. Nominees Limited	Hong Kong	HK\$2	100	100	Investment holding and nominee services



Name	Place of incorporation/ registration	Issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			2000	1999	
Key Choice Limited	Hong Kong	HK\$2	100	100	Property development and investment
Landstar Investment Limited	Hong Kong	HK\$2	100	100	Financing
Lead Fortune Development Limited	Hong Kong	HK\$2	100	100	Property development and investment
Linkprofit Limited	Hong Kong	HK\$2	100	100	Investment holding
Paliburg BVI Holdings Limited	British Virgin Islands	HK\$10	100	100	Investment holding
Paliburg Building Services Limited	Hong Kong	HK\$2	100	100	Mechanical and electrical engineering services
Paliburg Company Limited	Hong Kong	HK\$1,000	100	100	Investment holding
Paliburg Development BVI Holdings Limited	British Virgin Islands	US\$1	100	100	Investment holding
Paliburg Development Consultants Limited	Hong Kong	HK\$100,000	100	100	Development consultants
Paliburg Development Finance Limited	Hong Kong	HK\$2	100	100	Financing
Paliburg Estate Agents Limited	Hong Kong	HK\$20	100	100	Estate agent
Paliburg Estate Management Limited	Hong Kong	HK\$20	100	100	Estate management
Paliburg Finance (C.B. 2002) Limited	British Virgin Islands	US\$1	100	100	Financing
Paliburg Finance Limited	Hong Kong	HK\$2	100	100	Financing



Name	Place of incorporation/ registration	Issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			2000	1999	
Paliburg International Finance limited	British Virgin Islands	US\$1	100	100	Financing
Paliburg International Holdings Limited	Bermuda	HK\$100,000	100	100	Investment holding
Paliburg Investments Limited	Hong Kong	HK\$526,506,860	100	100	Investment holding
Polarfine Inc	British Virgin Islands	HK\$3,000,000	80	80	Investment holding
Rank Cheer Investment Limited	Hong Kong	HK\$2	100	100	Financing
Real Charm Investment Limited	Hong Kong	HK\$2	100	100	Property investment
Rich Pearl Limited	Hong Kong	HK\$10,000	100	100	Financing
Sanefix Development Limited	Hong Kong	HK\$2	100	100	Property investment
Shenyang Paliburg Plaza Limited**	The People's Republic of China	US\$9,820,000	100	100	Property development and investment
Sonnix Limited	Hong Kong	HK\$2	100	100	Property development and investment
Taylor Investments Ltd.	British Virgin Islands	US\$1	100	100	Investment holding
Tianjin Haihe Palace Of Entertainment Co., Ltd.#	The People's Republic of China	RMB7,000,000	41.3	41.3	Restaurant operations
Transcar Investments Limited	British Virgin Islands	US\$1	100	100	Investment holding
Treasure Spot Investments Limtied	British Virgin Islands	US\$1	100	100	Property investment



Name	Place of incorporation/ registration	Issued share capital/ registered capital	Percentage of equity interest attributable to the Company		Principal activities
			2000	1999	
Weifang Yuanzhong Real Estate Development Co., Ltd.#	The People's Republic of China	US\$8,130,000	52.5	52.5	Property development and investment
Yield Star Limited	British Virgin Islands	US\$1	100	100	Investment holding
Regal Hotels International Holdings Limited	Bermuda	Ordinary	73.8	74.0	Investment holding
		- HK\$393,877,250 Preference - US\$167,480	20.5	18.2	
Bauhinia Hotels Limited	Hong Kong	HK\$2	73.8	74.0	Hotel ownership
Camomile Investments Limited	Hong Kong	HK\$2	73.8	74.0	Property investment
Century Win Investment Limited	Hong Kong	HK\$10,000	66.4	66.6	Restaurant operations
Charter Capital Development Limited	Hong Kong	HK\$2	73.8	74.0	Property investment
Cityability Limited	Hong Kong	HK\$10,000	73.8	74.0	Hotel ownership
Come On Investment Company Limited	Hong Kong	HK\$10,000	73.8	74.0	Securities investment and trading
Cranfield Investments Limited	Hong Kong	HK\$2	73.8	74.0	Wedding services
Fortune Nice Investment Limited	Hong Kong	HK\$2	73.8	74.0	Financing
Gala Hotels Limited	Hong Kong	HK\$2	73.8	74.0	Hotel ownership
Gaud Limited	Hong Kong	HK\$2	73.8	74.0	Plant nursery and florist