

Practice Note 19 of the Listing Rules

The Company through its subsidiaries has entered into contractual joint venture agreements and has undertaken substantial investments for development of certain infrastructure and property projects. The capital investments and advances made to the joint venture companies and associated companies ("the Affiliated Companies") were classified and disclosed under the headings "Interests in Jointly Controlled Entities" and "Interests in Associates" in the consolidated balance sheet as at 30th June, 2001.

A proforma combined balance sheet of the Affiliated Companies as at 30th June, 2001, is presented below:

	Combined total HK\$ million	Funds injected by the Group HK\$ million
Property, plant and equipment	20,091	
Properties for/under development	874	
Current assets	1,651	
Total assets	22,616*	
Financed by:		
Registered capital/share capital	2,388	1,607#
Accumulated losses	(1,211)^	
	1,177	
Advances from shareholders/joint venture partners/related companies	14,853	8,819#
Other long-term loans	4,555	
	19,408	
Current liabilities	2,031	77
Shareholders' funds & total liabilities	22,616*	10,503

* With the exception of the investments in the two property-development joint ventures which are immaterial, all property, plant and equipment, including essential production facilities, will be reverted to PRC joint venture partners without compensation at the end of the joint venture co-operation period. Disclosure of the attributable interests of the Group in the assets and liabilities of the Affiliated Companies is deemed not appropriate.

^ Accumulated losses are mainly attributed to interest expenses incurred during the trial operation of the toll roads before commencement of the joint venture co-operation period.

As at 30th June, 2001, the Group had made unsecured capital contributions and advances of HK\$702 million and HK\$6,293 million respectively to the joint venture company, Guangzhou-Shenzhen-Zhuhai Superhighway Co. Ltd., which undertakes the Guangzhou-Shenzhen Superhighway project. A portion of the total amount amounting to HK\$107 million carries interests at 10.1244% per annum and is repayable in cash by quarterly instalments, the last of which will fall due in December 2003. The remaining portion, substantially all of which carries interest at LIBOR plus 1.5% per annum, has no fixed repayment terms and is repayable out of the net cash surplus from operation of the joint venture company.