

## Notes on the Accounts (cont'd)

## 11 FIXED ASSETS

## (a) Investment properties

The Group:

	HK\$'000
Cost or valuation:	
At 1st July, 2000	30,138,973
Additions	182,036
Transfer from properties under development	272,185
Acquisition of subsidiaries	91,060
Deficits on revaluation	<u>(4,353,124)</u>
At 30th June, 2001	<u>26,331,130</u>

## (b) Other fixed assets

The Group:

	Hotel properties HK\$'000	Other land & buildings HK\$'000	Properties held for/under development HK\$'000	Toll highway operation rights HK\$'000	Bridges HK\$'000	Others HK\$'000	Total HK\$'000
Cost or valuation:							
At 1st July, 2000	1,380,000	509,829	590,167	—	—	515,163	2,995,159
Additions	—	194	55,589	2,638	1,757	194,149	254,327
Transfer from properties under development	—	—	5,990,504	—	—	—	5,990,504
Acquisition of subsidiaries	—	7,714	—	786,891	653,692	144,171	1,592,468
Reclassification	—	—	—	—	2,813	(2,813)	—
Disposals	—	(556)	—	—	—	(16,056)	(16,612)
Deficits on revaluation	<u>(135,000)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(135,000)</u>
At 30th June, 2001	<u>1,245,000</u>	<u>517,181</u>	<u>6,636,260</u>	<u>789,529</u>	<u>658,262</u>	<u>834,614</u>	<u>10,680,846</u>
Amortisation and depreciation:							
At 1st July, 2000	—	42,931	—	—	—	395,475	438,406
Acquisition of subsidiaries	—	873	—	32,388	43,159	49,502	125,922
Charge for the year	—	7,214	—	13,598	9,249	78,599	108,660
Written back on disposal	—	(442)	—	—	—	(8,049)	(8,491)
At 30th June, 2001	<u>—</u>	<u>50,576</u>	<u>—</u>	<u>45,986</u>	<u>52,408</u>	<u>515,527</u>	<u>664,497</u>
Net book value:							
At 30th June, 2001	<u>1,245,000</u>	<u>466,605</u>	<u>6,636,260</u>	<u>743,543</u>	<u>605,854</u>	<u>319,087</u>	<u>10,016,349</u>
At 30th June, 2000	<u>1,380,000</u>	<u>466,898</u>	<u>590,167</u>	<u>—</u>	<u>—</u>	<u>119,688</u>	<u>2,556,753</u>
Cost or valuation at 30th June, 2001 representing:							
Cost	—	451,101	6,488,260	789,529	658,262	834,614	9,221,766
Valuation:							
— 30th June, 1992	—	20,110	—	—	—	—	20,110
— 30th June, 1994	—	45,970	—	—	—	—	45,970
— 30th June, 1997	—	—	148,000	—	—	—	148,000
— 30th June, 2001	<u>1,245,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,245,000</u>
	<u>1,245,000</u>	<u>517,181</u>	<u>6,636,260</u>	<u>789,529</u>	<u>658,262</u>	<u>834,614</u>	<u>10,680,846</u>

## Notes on the Accounts (cont'd)

**11 FIXED ASSETS** (cont'd)

(c) The analysis of net book value of properties is as follows:—

	The Group	
	2001	2000
	HK\$'000	HK\$'000
In Hong Kong		
under long leases	4,007,518	4,804,547
under medium-term leases	<u>28,445,979</u>	<u>25,552,293</u>
	<u>32,453,497</u>	<u>30,356,840</u>
Outside Hong Kong		
under long leases	5,146	5,292
under medium-term leases	<u>3,570,601</u>	<u>2,213,906</u>
	<u>3,575,747</u>	<u>2,219,198</u>
	<u><u>36,029,244</u></u>	<u><u>32,576,038</u></u>

The Group's investment and hotel properties were revalued as at 30th June, 2001 by an independent firm of surveyors, DTZ Debenham Tie Leung Limited who have among their staff Fellows of the Hong Kong Institute of Surveyors and Mr Augustine Wong, the Group's professional valuer who is an associate member of the Hong Kong Institute of Surveyors, on an open market value basis calculated on net rental income allowing for revisionary potential.

In the opinion of the directors, any capital gains arising on disposal of the revalued leasehold properties in Hong Kong at their carrying value will not be subject to any tax liability. The contingent liabilities in respect of Land Appreciation Tax and PRC Income Tax arising on disposal of certain revalued properties in other areas of the PRC are disclosed in note 37(f) on the accounts.

The gross carrying amounts of investment and hotel properties of the Group held for use in operating leases were HK\$26,331,130,000 (2000 — HK\$30,138,973,000) and HK\$1,245,000,000 (2000 — HK\$1,380,000,000) respectively.

The Group leases assets under finance leases expiring from one to two years. At the end of the lease terms, the Group has the option to purchase the assets at a price deemed to be a bargain purchase option. The net book value of assets held under finance leases of the Group was HK\$2,196,000 (2000 — HK\$Nil).

The Group's toll highway operation rights were pledged as securities for certain bank loans amounted to HK\$411,403,000 (2000 — HK\$Nil). Included in the Group's others of HK\$834,614,000 (2000 — HK\$515,163,000) was HK\$852,000 (2000 — HK\$Nil) relating to construction in progress of bridge.

**12 INTEREST IN SUBSIDIARIES**

	The Company	
	2001	2000
	HK\$'000	HK\$'000
Unlisted shares, at cost	2,316,366	2,316,476
Amounts due from subsidiaries	<u>39,155,882</u>	<u>40,110,009</u>
	41,472,248	42,426,485
Less: Provision	<u>(83,000)</u>	<u>(83,000)</u>
	41,389,248	42,343,485
Amounts due to subsidiaries	<u>(2,122,113)</u>	<u>(1,994,403)</u>
	<u><u>39,267,135</u></u>	<u><u>40,349,082</u></u>

Details of principal subsidiaries are shown on pages 93 to 102.



## Notes on the Accounts (cont'd)

## 13 INTEREST IN ASSOCIATES

	The Group		The Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Unlisted				
Shares, at cost	—	—	262,991	353,261
Share of net assets	1,000,508	1,248,648	—	—
Amounts due from associates	3,057,088	3,346,199	1,064,917	79,459
	<u>4,057,596</u>	<u>4,594,847</u>	<u>1,327,908</u>	<u>432,720</u>
Less: Provision	—	—	(128,849)	(218,985)
	<u>4,057,596</u>	<u>4,594,847</u>	<u>1,199,059</u>	<u>213,735</u>
Amounts due to associates	(102,098)	(74,445)	(364)	(368)
	<u>3,955,498</u>	<u>4,520,402</u>	<u>1,198,695</u>	<u>213,367</u>
Listed in Hong Kong				
Share of net assets	12,008,672	11,351,170	—	—
	<u>15,964,170</u>	<u>15,871,572</u>	<u>1,198,695</u>	<u>213,367</u>
Market value of listed shares	<u>20,498,643</u>	<u>16,460,741</u>	—	—

Details of principal associates are shown on page 103.

## 14 INTEREST IN JOINTLY CONTROLLED ENTITIES

	The Group		The Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost	—	—	312	62
Share of net assets	1,075,850	1,384,163	—	—
Amounts due from jointly controlled entities	4,511,111	5,407,877	114,234	115,121
	<u>5,586,961</u>	<u>6,792,040</u>	<u>114,546</u>	<u>115,183</u>
Amounts due to jointly controlled entities	(39,874)	(41,323)	(37,625)	(20,050)
	<u>5,547,087</u>	<u>6,750,717</u>	<u>76,921</u>	<u>95,133</u>

Details of principal jointly controlled entities are shown on page 104.

**Notes on the Accounts (cont'd)**
**15 INVESTMENT IN SECURITIES**

	Investment securities		Other investments		Total	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
The Group:						
Equity securities						
Listed	549,255	24,986	217,760	678,345	767,015	703,331
Unlisted	151,321	145,963	16,057	58,918	167,378	204,881
	<u>700,576</u>	<u>170,949</u>	<u>233,817</u>	<u>737,263</u>	<u>934,393</u>	<u>908,212</u>
Market value of listed securities	<u>552,783</u>	<u>75,553</u>	<u>217,760</u>	<u>678,345</u>	<u>770,543</u>	<u>753,898</u>

**16 PROPERTIES HELD FOR DEVELOPMENT**

	The Group	
	2001 HK\$'000	2000 HK\$'000
In Hong Kong	1,139,205	2,730,794
In other areas of the PRC	3,657,342	3,488,383
	<u>4,796,547</u>	<u>6,219,177</u>

**17 INSTALMENTS RECEIVABLE**

- (a) This represents the principal content of instalments receivable from the sale of flats after twelve months from the balance sheet date. The amounts receivable within twelve months from the balance sheet date are included under current assets.
- (b) The ageing analysis of instalments receivable within twelve months from the balance sheet dates (net of provision for bad debts) is as follows:

	The Group	
	2001 HK\$'000	2000 HK\$'000
Under 1 month overdue	476,973	393,750
More than 1 month overdue but less than 3 months overdue	10,282	29,448
More than 3 months overdue but less than 6 months overdue	9,285	3,885
More than 6 months overdue	58,431	62,522
	<u>554,971</u>	<u>489,605</u>

**18 OTHER RECEIVABLES**

These represent amounts paid for funding certain property development projects. These receivables are interest bearing and were fully settled in August 2001.

**19 PROPERTIES UNDER DEVELOPMENT**

	The Group	
	2001 HK\$'000	2000 HK\$'000
In Hong Kong	10,456,959	13,910,704
In other areas of the PRC	840,247	1,649,288
	<u>11,297,206</u>	<u>15,559,992</u>

The amount of properties under development expected to be completed after more than one year is HK\$8,362,753,000 (2000 — HK\$13,546,349,000).



**Notes on the Accounts (cont'd)**
**20 COMPLETED PROPERTIES FOR SALE**

Completed properties for sale include properties of HK\$2,605,981,000 (2000 — HK\$3,256,125,000) carried at net realisable value.

**21 INVENTORIES**

Inventories of HK\$12,153,000 (2000 — HK\$423,000) are carried at net realisable value.

**22 AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK**

	The Group	
	2001 HK\$'000	2000 HK\$'000
Contracts in progress at the balance sheet date:		
Contract costs incurred plus recognised profits less anticipated losses	567,968	169,739
Progress billings	<u>(382,508)</u>	<u>(135,920)</u>
Net contract work	<u>185,460</u>	<u>33,819</u>
Represented by:		
Amounts due from customers for contract work	185,460	34,815
Amounts due to customers for contract work	<u>—</u>	<u>(996)</u>
	<u>185,460</u>	<u>33,819</u>

The amounts due from/(to) customers for contract work expected to be recovered/settled after more than one year is HK\$68,853,000 (2000 — HK\$29,570,000) and HK\$Nil (2000 — HK\$996,000) respectively.

**23 DEBTORS, PREPAYMENTS AND DEPOSITS**

The debtors, prepayments and deposits of the Group include HK\$416,005,000 (2000 — HK\$461,781,000) which is expected to be recovered after more than one year. Apart from the above, all of the balances are expected to be recovered within one year.

The Group maintains a defined credit policy. An ageing analysis of trade debtors is prepared on a regular basis and is closely monitored to minimise any credit risk associated with receivables.

	The Group	
	2001 HK\$'000	2000 HK\$'000
The ageing analysis of trade debtors (net of provision for bad debts) is as follows:		
Under 1 month overdue	199,223	587,288
More than 1 month overdue but less than 3 months overdue	47,083	68,172
More than 3 months overdue but less than 6 months overdue	50,676	35,731
More than 6 months overdue	<u>96,458</u>	<u>120,556</u>
	393,440	811,747
Prepayment, deposits and other receivable	<u>628,374</u>	<u>888,053</u>
	<u>1,021,814</u>	<u>1,699,800</u>

**24 CASH AND CASH EQUIVALENTS**

	The Group		The Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Deposits with banks and other financial institutions	1,270,455	931,532	—	—
Cash at bank and in hand	<u>286,976</u>	<u>180,652</u>	<u>767</u>	<u>844</u>
	<u>1,557,431</u>	<u>1,112,184</u>	<u>767</u>	<u>844</u>

Notes on the Accounts (cont'd)

25 BANK LOANS, OVERDRAFTS AND OTHER BORROWINGS

	The Group	
	2001 HK\$'000	2000 HK\$'000
Bank loans and overdrafts (note a)		
— secured	411,403	—
— unsecured	12,277,358	13,781,495
	12,688,761	13,781,495
Unsecured other loans (note b)	783,861	1,283,861
	13,472,622	15,065,356
(a) Bank loans and overdrafts are repayable as follows:—		
Within 1 year and included in current liabilities	1,808,398	2,331,495
After 1 year and included in non-current liabilities		
After 1 year but within 2 years	6,764,631	6,800,000
After 2 years but within 5 years	4,018,752	4,650,000
After 5 years	96,980	—
	10,880,363	11,450,000
	12,688,761	13,781,495
(b) Unsecured other loans are repayable as follows:—		
Within 1 year and included in current liabilities	—	500,000
After 1 year and included in non-current liabilities		
After 1 year but within 2 years	783,861	26,320
After 2 years but within 5 years	—	757,541
	783,861	783,861
	783,861	1,283,861

The above unsecured other loans include foreign currency loans amounting to HK\$757,541,000 (2000 — HK\$757,541,000) stated at rates fixed under currency swap arrangements with banks.

26 OBLIGATIONS UNDER FINANCE LEASES

At 30th June, 2001, the Group had obligations under finance leases repayable as follows:

	Present value of the minimum lease payments HK\$'000	2001 Interest expense relating to future periods HK\$'000	Total minimum lease payments HK\$'000	Present value of the minimum lease payments HK\$'000	2000 Interest expense relating to future periods HK\$'000	Total minimum lease payments HK\$'000
Within 1 year and included in current liabilities	1,004	217	1,221	—	—	—
After 1 year and included in non-current liabilities						
After 1 year but within 5 years	470	93	563	—	—	—
	1,474	310	1,784	—	—	—



**Notes on the Accounts (cont'd)**
**27 RENTAL AND OTHER DEPOSITS**

The rental and other deposits of the Group include HK\$226,612,000 (2000 — HK\$240,189,000) which is expected to be settled after more than one year. Apart from the above, all of the balances are expected to be settled within one year.

**28 CREDITORS AND ACCRUED EXPENSES**

The creditors and accrued expenses of the Group include HK\$287,703,000 (2000 — HK\$271,775,000) which is expected to be settled after more than one year. Apart from the above, all of the balances are expected to be settled within one year.

	The Group	
	2001	2000
	HK\$'000	HK\$'000
The ageing analysis of trade creditors is as follows:		
Due within 1 month and on demand	251,744	284,743
Due after 1 month but within 3 months	1,097,550	237,786
Due after 3 months but within 6 months	179,495	897,269
Due after 6 months	<u>794,052</u>	<u>538,718</u>
	2,322,841	1,958,516
Other payables and accrued expenses	<u>291,972</u>	<u>424,445</u>
	<u><u>2,614,813</u></u>	<u><u>2,382,961</u></u>

**29 SHARE CAPITAL**

	No. of shares		Nominal value	
	2001	2000	2001	2000
	'000	'000	HK\$'000	HK\$'000
Authorised				
Ordinary shares of HK\$2.00 each	<u>1,800,000</u>	<u>1,800,000</u>	<u>3,600,000</u>	<u>3,600,000</u>
Issued and fully paid				
Ordinary shares of HK\$2.00 each	<u>1,722,140</u>	<u>1,722,140</u>	<u>3,444,280</u>	<u>3,444,280</u>

**30 SHARE PREMIUM**

The application of the share premium account is governed by Section 48B of the Hong Kong Companies Ordinance.

Notes on the Accounts (cont'd)

**31 CAPITAL RESERVES**

The Group:

	Other properties revaluation reserve HK\$'000	Reserve on consolidation HK\$'000	Capital redemption reserve HK\$'000	Exchange reserve HK\$'000	Other reserve HK\$'000	Total HK\$'000
At 1st July, 1999	355,853	1,268,879	20,200	(4,919)	2,315	1,642,328
Deficits on revaluation of other properties	(229)	—	—	—	—	(229)
Share of revaluation surplus in associates	41,339	—	—	—	—	41,339
Capital reserve arising on consolidation	—	49,685	—	—	—	49,685
Realised to profit and loss account (Note)	—	(50,033)	—	—	—	(50,033)
Exchange difference arising from investment in a foreign associate	—	—	—	176	—	176
Transfer from profit and loss account	—	—	—	—	51	51
At 30th June, 2000	<u>396,963</u>	<u>1,268,531</u>	<u>20,200</u>	<u>(4,743)</u>	<u>2,366</u>	<u>1,683,317</u>
Dealt with by:						
Company and subsidiaries	345,395	1,268,531	20,200	—	2,366	1,636,492
Associates	51,568	—	—	(4,743)	—	46,825
	<u>396,963</u>	<u>1,268,531</u>	<u>20,200</u>	<u>(4,743)</u>	<u>2,366</u>	<u>1,683,317</u>