

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated accounts are set out below:

(a) Basis of preparation

The accounts have been prepared under the historical cost convention as modified by the revaluation of warehouses, investment properties, hotel properties and investments in securities, in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Society of Accountants ("HKSA").

In the current year, the Group adopted the following Statements of Standard Accounting Practice ("SSAPs") issued by the HKSA which are effective for accounting periods commencing on or after 1 January 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases (effective for periods commencing on or after 1 July 2000)
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting for investments in subsidiaries

The effect of adopting these new standards is set out in the accounting policies below.

(b) Consolidation

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31 December. Subsidiaries are those entities in which the Group controls the composition of the board of directors, controls more than half the voting power or holds more than half of the issued share capital.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any unamortised goodwill or negative goodwill or goodwill/negative goodwill taken to reserves which was not previously charged to or recognised in the consolidated profit and loss account.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(c) Associated companies

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long-term and significant influence is exercised in its management.

The consolidated profit and loss account includes the Group's share of the post acquisition results of associated companies for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies and also goodwill/negative goodwill on acquisition (net of accumulated amortisation).

Equity accounting is discontinued when the carrying amount of the investment in an associated company reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(d) Joint ventures in the PRC

(i) Equity joint ventures

Equity joint ventures are Sino-foreign joint ventures in respect of which the partners' capital contribution ratios are defined in the joint venture contracts and the partners' profit sharing ratios are in proportion to the capital contribution ratios.

The Group's investments in equity joint ventures are accounted for as associated companies or subsidiaries depending on the Group's equity or controlling interest therein.

(ii) Co-operative joint ventures

Co-operative joint ventures are Sino-foreign joint ventures in respect of which the partners' profit sharing ratios and share of net assets upon the expiration of the joint venture periods are not necessarily in proportion to their capital contribution ratios but are defined in the joint venture contracts.

The Group's investments in co-operative joint ventures are accounted for as associated companies or subsidiaries depending on the Group's controlling interest therein.

(iii) Fixed return co-operative joint ventures

Where investment income derived from investments in co-operative joint ventures is predetermined in accordance with the provisions of the joint venture contracts for a substantial portion of the joint venture period, these co-operative joint ventures are referred to as fixed return co-operative joint ventures. Fixed return co-operative joint ventures are stated at cost less the amount amortised on a straight-line basis through the profit and loss account over the joint venture period.

(e) Wholly foreign owned enterprises in the PRC

Interests in wholly foreign owned enterprises are accounted for as subsidiaries.

(f) Goodwill/negative goodwill

Goodwill represents the excess of purchase consideration over the fair values ascribed to the net assets of the subsidiaries acquired at the date of acquisition.

In accordance with SSAP 30, goodwill on acquisitions occurring on or after 1 January 2001 is included in intangible assets and is amortised using the straight-line method over its estimated useful life of not more than twenty years.

Goodwill on acquisitions that occurred prior to 1 January 2001 was written off against reserves. The Group has taken advantage of the transitional provision 1(a) in SSAP 30 and goodwill previously written off against reserves has not been restated.

Negative goodwill represents the excess of the fair value of the Group's share of the net assets acquired over the cost of acquisition.

For acquisitions after 1 January 2001, negative goodwill is presented in the same balance sheet classification as goodwill. To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the Group's plan for the acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the remaining weighted average useful life of those assets; negative goodwill in excess of the fair values of those non-monetary assets is recognised in the profit and loss account immediately.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(f) Goodwill/negative goodwill (Continued)

For acquisitions prior to 1 January 2001, negative goodwill was taken directly to reserves on acquisition. The Group has taken advantage of the transitional provisions in SSAP 30 and such negative goodwill has not been restated.

Where an indication of impairment exists, the carrying value of the goodwill, including goodwill previously written off against reserves, is assessed and written down to its recoverable amount.

The gain or loss on disposal of an entity includes the unamortised balance of goodwill relating to the entity disposed of or, for pre 1 January 2001 acquisitions, the related goodwill written off against reserves to the extent it has not previously been realised in the profit and loss account.

(g) Investments in securities

(i) Non-trading securities

Investments which are held for non-trading purposes are stated at fair value at the balance sheet date. Changes in the fair value of individual securities are credited or debited to the non-trading securities revaluation reserve until the security is sold, or is determined to be impaired. Upon disposal, the cumulative gain or loss representing the difference between the net sales proceeds and the carrying amount of the relevant security, together with any surplus/deficit transferred from the non-trading securities revaluation reserve, is dealt with in the profit and loss account.

Individual investments are reviewed regularly to determine whether they are impaired. When an investment is considered to be impaired, the cumulative loss recorded in the revaluation reserve is taken to the profit and loss account. Transfers from non-trading securities revaluation reserve to the profit and loss account as a result of impairments are written back in the profit and loss account when the circumstances and events leading to the impairments cease to exist.

(ii) Trading securities

Trading securities are carried at fair value. At each balance sheet date, the net unrealised gains and losses arising from the changes in fair value of trading securities are recognised in the profit and loss account. Profits or losses on disposal of trading securities, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(h) Properties and other fixed assets

(i) Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at annual professional valuation at the balance sheet date. Changes in the value of investment properties are dealt with as movements in the investment properties revaluation reserve. If the total of this reserve is insufficient to cover a deficit on revaluation on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged. Investment properties are not depreciated except where the unexpired term of the lease is 20 years or less, in which case depreciation is provided on the carrying value over the remaining term of the lease.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Properties and other fixed assets (Continued)

(ii) Hotel properties

Hotel properties are interests in land and buildings and their integral fixed plant and are stated at annual professional valuation at the balance sheet date. Changes in the value of hotel properties are dealt with as movements in the hotel properties revaluation reserve. If the reserve is insufficient to cover a deficit on revaluation on an individual basis, the excess of the deficit on revaluation is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account on an individual basis to the extent of the deficit previously charged. It is the Group's practice to maintain the properties in a continual state of sound repair and maintenance and accordingly the directors consider that depreciation is not necessary due to their high residual values, except where the unexpired term of the lease is 20 years or less, in which case depreciation is provided on the carrying value over the remaining term of the lease. The related maintenance expenditure is dealt with in the profit and loss account in the year of expenditure.

(iii) Leasehold land and buildings

Warehouses classified as other leasehold land and buildings are stated at valuation, being the open market value at the date of valuation, less subsequent aggregate depreciation and accumulated impairment losses. Changes in the value of warehouses arising from revaluation are dealt with as movements in the other properties revaluation reserve. If the reserve is insufficient to cover a deficit on revaluation on an individual basis, the excess of the deficit on revaluation is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account on an individual basis to the extent of the deficit previously charged.

Depreciation on warehouses which are classified as other leasehold land and buildings is calculated to write off their valuation less residual value on a straight-line basis over their expected remaining useful lives to the Group ranging from twelve to thirty-one years.

Staff quarters are stated at cost less aggregate depreciation and accumulated impairment losses. Cost represents the purchase price of the staff quarters and other costs incurred to bring them into existing use.

Depreciation on staff quarters is calculated to write off their cost on a straight-line basis over their expected useful lives to the Group. The principal annual rate used for this purpose is 5%.

(iv) Properties held for/under development

Properties held for/under development for long-term purposes are stated at cost.

Properties under development for sale are included in current assets and are stated at the lower of cost and net realisable value, if pre-sale of properties has not commenced.

Properties under development for sale are included in current assets and are stated at cost plus attributable profits recognised on the basis set out in note 1(u)(i) less sales instalments received and receivable and provision for any foreseeable losses and progress payments received and receivable, if pre-sale of properties has commenced.

Cost of properties in the course of development comprises land cost, fees for land use rights and development costs including attributable interest and professional charges capitalised during the development period. Where properties, previously held as investment properties, are subject to re-development, they are valued at the date re-development commenced. Cost of properties under development includes the carrying value of the properties at the date when re-development commences.

Net realisable value is determined by reference to sales proceeds of properties sold in the ordinary course of business less all estimated selling expenses after the balance sheet date, or by management estimates based on prevailing market conditions.

No depreciation is provided on properties held for/under development.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(h) Properties and other fixed assets (Continued)

(v) Stock of completed properties held for sale

Stock of completed properties held for sale are included in current assets and are stated at the lower of cost and net realisable value. Cost comprises land and development costs and is determined by apportionment of the total land and development costs attributable to the unsold properties. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Upon the disposal of stock of completed properties held for sale, the relevant portion of the revaluation reserve realised in respect of previous valuations is released from the completed properties revaluation reserve to the profit and loss account.

(vi) Other fixed assets

Other fixed assets are stated at cost less aggregate depreciation and accumulated impairment losses. Cost represents the purchase price of the asset and other costs incurred to bring the asset into existing use.

Depreciation on other fixed assets is calculated to write off their cost on a straight-line basis over their expected useful lives to the Group. The principal annual rates used for this purpose are:

Freehold land	Nil
Buildings (situated on freehold land)	2.5%
Leasehold improvements	15%
Warehouse operating equipment	5% to 20%
Motor vehicles, furniture, fixtures and office equipment	15% to 20%

(vii) Gain or loss on disposal of fixed assets

The gain or loss on disposal of other leasehold land and buildings is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in the profit and loss account. Any revaluation reserve balance remaining attributable to the relevant asset is transferred to retained profits and is shown as a movement in reserves.

The gain or loss on disposal of a fixed asset other than other leasehold land and buildings is the difference between the net sales proceeds and the carrying amount of the relevant asset together with any revaluation reserve balance remaining attributable to the relevant asset, and is recognised in the profit and loss account.

(viii) Cost of restoring and improving fixed assets

Major costs incurred in restoring fixed assets to their normal working condition are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group.

(ix) Impairment of assets

At each balance sheet date, both internal and external sources of information are considered to assess whether there is any indication that assets included in leasehold land and buildings and other fixed assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated and where relevant, an impairment loss is recognised to reduce the asset to its recoverable amount. Such impairment losses are recognised in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for that same asset, in which case it is treated as a revaluation decrease.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(i) Accounts receivable

Provision is made against accounts receivable to the extent they are considered to be doubtful. Accounts receivable in the balance sheet are stated net of such provision.

(j) Convertible bonds

Convertible bonds are stated at the aggregate of the net proceeds from the issue plus finance costs provided.

The net proceeds represent the amount received on the issue of the convertible bonds after deduction of direct issue costs. Direct issue costs are amortised to the profit and loss account on a straight-line basis over the period from the date of issue to the date on which the bondholders can exercise their redemption option (the "Bondholders' Redemption Date"). If any of the convertible bonds are purchased and cancelled, redeemed or converted prior to the Bondholders' Redemption Date, any remaining unamortised costs attributable to such convertible bonds will be written off immediately to the profit and loss account.

Finance costs represent the premium that is to be paid to the bondholders upon redemption on or before the Bondholders' Redemption Date. The estimated premium is provided for at a constant rate over the period when the bondholders' redemption option is outstanding and is charged to the profit and loss account. If any of the convertible bonds are purchased and cancelled or converted prior to the Bondholders' Redemption Date, any provision of such redemption premium in previous years in respect of the convertible bonds purchased or converted will be taken to the profit and loss account.

The gain or loss on purchase of convertible bonds, representing the difference between the consideration paid and the nominal value of the convertible bonds purchased, is recognised in the profit and loss account.

(k) Borrowing costs

Borrowing costs incurred on assets under active development that take a substantial period of time to be ready for their intended use or sale are capitalised into the carrying value of properties held for/under development. The capitalisation rate is based on attributable cost of the specific borrowings.

All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(l) Deferred taxation

Deferred taxation is accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset is expected to be payable or recoverable in the foreseeable future.

(m) Retirement benefit costs

The Group's contributions to the mandatory provident fund scheme and the defined contribution retirement scheme are expensed as incurred. Contributions to the defined contribution retirement scheme are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. The assets of both schemes are held separately from those of the Group in independently administered funds.

(n) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight-line basis over the lease periods.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(o) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The accounts of subsidiaries and associated companies expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with as a movement in the exchange fluctuation reserve.

(p) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise cash on hand and deposits held at call with banks less bank overdrafts.

(q) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resource will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the accounts. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the accounts when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(r) Provisions

In accordance with SSAP 28, provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(s) Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical as the secondary reporting format.

Segment assets consist primarily of fixed assets, stock of completed properties held for sale, properties under development for sale, receivables and operating cash, and mainly exclude associated companies, long-term investments, tax recoverable, tax reserve certificates and trading securities. Segment liabilities comprise operating liabilities and exclude items such as taxation and deferred taxation and minority interests and loans. Capital expenditure comprises additions to fixed assets (note 12), including additions resulting from acquisitions through purchases of subsidiaries (note 29(c)).

In respect of geographical segment reporting, turnover is based on the country of operations. Segment assets and capital expenditure are where the assets are located.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(t) Dividends

In accordance with revised SSAP 9, the Group no longer recognises dividends proposed or declared after the balance sheet date as a liability at the balance sheet date. This change in accounting policy has been applied retrospectively so that the comparatives presented have been restated to conform to the changed policy.

As detailed in note 25, this change has resulted in an increase in opening retained profits at 1 January 2001 by HK\$226,883,000 (1 January 2000: HK\$223,648,000) which is the reversal of the provision for the proposed final dividend for 2000 previously recorded as a liability as at 31 December 2000 although not declared until after the balance sheet date.

(u) Revenue and profit recognition

(i) The recognition of revenue and profits from the sale of properties under development in advance of completion commences when a legally binding contract of sale has been executed. The revenues and profits recognised in a year are a proportion of the total revenues and profits expected on completion, the proportion used being the percentage of the construction costs incurred at the end of the year to the estimated total construction costs on completion (with due allowances for contingencies). The profit so recognised is restricted to the amount of instalments received.

Where purchasers fail to pay the balances of the purchase price on completion and the Group exercises its right to resell the property, sales deposits received in advance of completion are forfeited and credited to operating profits; any profits recognised so far are reversed.

(ii) Revenue in respect of sale of completed properties and investment properties is recognised upon completion of sale agreements.

(iii) Rental revenue and other revenues incidental to the letting of properties are recognised on a straight-line basis over the periods of the respective leases.

(iv) Revenue from general storage and other ancillary services is recognised when the services are rendered. Revenue from leased storage is recognised on a straight-line basis over the periods of the respective leases.

(v) Income on development consultancy and project management is recognised on a pro-rata basis according to the progress of the projects.

(vi) Income from property management is recognised on an accrual basis.

(vii) Hotel revenue from rooms rental, food and beverage sales and other ancillary services is recognised when the services are rendered.

(viii) Dividend income is recognised when the right to receive payment is established.

(ix) Income from investments in fixed return co-operative joint ventures is recognised on an accrual basis in accordance with the provisions of the joint venture contracts.

(x) Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

2. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS

(a) The principal activities of the Group are disclosed in the first page of the Report of the Directors. Revenues recognised during the year are as follows:

	2001 HK\$'000	Group 2000 HK\$'000
Turnover		
Proceeds from sale of properties		
– completed properties		
– Hong Kong	1,771,601	178,286
– PRC	11,230	78,099
	1,782,831	256,385
– properties under development for sale in the PRC	547,974	348,034
– investment properties		
– Hong Kong	708,564	1,044,788
– PRC	119,419	14,556
	827,983	1,059,344
	3,158,788	1,663,763
Rental income	885,313	820,028
Hotel revenue	204,048	175,481
Storage and services income		
– warehouse	426,678	410,559
– logistics	317,799	70,578
	744,477	481,137
Development consultancy, project management and property management fees	43,782	55,348
	5,036,408	3,195,757
Other revenues		
Income from investment in a fixed return co-operative joint venture	89,309	118,998
Dividend income from		
– listed investments	67	225
– unlisted investments	17,725	100,963
	17,792	101,188
Interest income	53,615	78,155
	160,716	298,341
Total revenues	5,197,124	3,494,098

2. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(b) An analysis of the Group's turnover and contribution to operating profit for the year by principal activities and markets is as follows:

	Turnover		Operating profit	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Principal activities:				
Property rental	885,313	820,028	428,398	542,750
Hotel operations	204,048	175,481	55,746	51,456
Logistics and warehouse operations				
– warehouse	426,678	410,559	67,099	71,157
– logistics	317,799	70,578	13,011	2,774
	744,477	481,137	80,110	73,931
Property sales	3,158,788	1,663,763	(212,785)	(49,126)
Infrastructure	–	–	165,321	56,649
Project, property management and others	43,782	55,348	10,495	115,279
	5,036,408	3,195,757	527,285	790,939
Principal markets:				
Hong Kong	3,537,250	2,224,077	(19,515)	415,429
PRC	1,347,769	971,680	542,969	375,510
Others	151,389	–	3,831	–
	5,036,408	3,195,757	527,285	790,939

2. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(c) Primary reporting format - business segments

	2001							Consolidated HK\$'000
	Hong Kong Property HK\$'000	PRC Property HK\$'000	Logistics and Warehouse HK\$'000	Infrastructure HK\$'000	International HK\$'000	Others HK\$'000	Eliminations HK\$'000	
Revenue								
Turnover	2,810,223	1,344,926	837,477	-	-	43,782	-	5,036,408
Inter-segment revenue	-	-	-	-	-	623,755	(623,755)	-
Inter-segment interest income	-	-	-	-	-	423,709	(423,709)	-
Income from investment in a fixed return co-operative joint venture	-	-	-	89,309	-	-	-	89,309
	<u>2,810,223</u>	<u>1,344,926</u>	<u>837,477</u>	<u>89,309</u>	<u>-</u>	<u>1,091,246</u>	<u>(1,047,464)</u>	<u>5,125,717</u>
Results								
Segment results	38,385	498,466	180,944	165,321	516	393,854	(423,709)	853,777
Dividend income	14,597	-	-	-	3,182	13	-	17,792
Interest income	18,740	9,156	1,938	3,659	-	20,122	-	53,615
Interest expenses	(181,445)	(126,540)	(102,772)	(3,659)	-	(407,192)	423,709	(397,899)
Operating profit/(loss)	(109,723)	381,082	80,110	165,321	3,698	6,797	-	527,285
Share of profits less losses of associated companies	(115,427)	21,540	(1,255)	56,101	37,994	-	-	(1,047)
Profit/(loss) before taxation	(225,150)	402,622	78,855	221,422	41,692	6,797	-	526,238
Taxation	(33,100)	(62,732)	(10,382)	(4,416)	(9,618)	17,885	-	(102,363)
Profit/(loss) after taxation	(258,250)	339,890	68,473	217,006	32,074	24,682	-	423,875
Minority interests	34,369	(47,243)	(11,231)	-	-	(4,020)	-	(28,125)
Profit/(loss) attributable to shareholders	<u>(223,881)</u>	<u>292,647</u>	<u>57,242</u>	<u>217,006</u>	<u>32,074</u>	<u>20,662</u>	<u>-</u>	<u>395,750</u>
Segment assets	13,599,703	9,996,463	4,029,179	502,756	790	19,519,411	(18,698,302)	28,950,000
Associated companies	3,122,765	318,955	5,985	596,370	1,017,895	-	-	5,061,970
Long-term investments	831,635	470	21,407	-	859,300	27,480	-	1,740,292
Tax recoverable	3,366	-	-	-	-	28,737	-	32,103
Tax reserve certificates	4,286	-	-	-	-	-	-	4,286
Trading securities	2,792	-	-	-	148	1,024	-	3,964
Total assets	<u>17,564,547</u>	<u>10,315,888</u>	<u>4,056,571</u>	<u>1,099,126</u>	<u>1,878,133</u>	<u>19,576,652</u>	<u>(18,698,302)</u>	<u>35,792,615</u>
Segment liabilities	11,316,709	3,612,316	2,438,669	463,315	106,216	11,829,453	(18,698,302)	11,068,376
Taxation and deferred taxation	33,714	57,721	1,044	-	-	10,216	-	102,695
Minority interests and loans	326,191	2,165,011	228,121	-	-	4,831	-	2,724,154
Total liabilities	<u>11,676,614</u>	<u>5,835,048</u>	<u>2,667,834</u>	<u>463,315</u>	<u>106,216</u>	<u>11,844,500</u>	<u>(18,698,302)</u>	<u>13,895,225</u>
Capital expenditure	202,984	3,640	125,974	-	-	14,876	-	347,474
Depreciation	1,456	8,651	35,691	-	-	1,794	-	47,592
Amortisation	-	-	293	46,620	-	-	-	46,913
Provision in respect of properties under development for sale	360,000	-	-	-	-	-	-	360,000

2. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(c) Primary reporting format - business segments (Continued)

	2000							
	Hong Kong Property HK\$'000	PRC Property HK\$'000	Logistics and Warehouse HK\$'000	Infrastructure HK\$'000	International HK\$'000	Others HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
Revenue								
Turnover	1,687,593	971,679	481,137	-	-	55,348	-	3,195,757
Inter-segment revenue	-	-	-	-	-	477,028	(477,028)	-
Inter-segment interest income	-	-	-	-	-	651,571	(651,571)	-
Income from investment in a fixed return co-operative joint venture	-	-	-	118,998	-	-	-	118,998
	<u>1,687,593</u>	<u>971,679</u>	<u>481,137</u>	<u>118,998</u>	<u>-</u>	<u>1,183,947</u>	<u>(1,128,599)</u>	<u>3,314,755</u>
Results								
Segment results	354,911	405,870	234,080	56,649	(1,434)	620,150	(651,571)	1,018,655
Dividend income	64,044	-	-	-	-	37,144	-	101,188
Interest income	37,681	5,669	2,709	3,429	-	28,667	-	78,155
Interest expenses	(230,416)	(92,679)	(162,858)	(3,429)	-	(569,248)	651,571	(407,059)
Operating profit/(loss)	226,220	318,860	73,931	56,649	(1,434)	116,713	-	790,939
Share of profits less losses of associated companies	34,748	24,935	3,610	33,814	43,810	-	-	140,917
Profit before taxation	260,968	343,795	77,541	90,463	42,376	116,713	-	931,856
Taxation	(56,562)	(19,127)	(14,594)	(4,295)	(18,915)	(8,039)	-	(121,532)
Profit after taxation	204,406	324,668	62,947	86,168	23,461	108,674	-	810,324
Minority interests	(5,539)	(72,286)	(3,424)	-	-	(874)	-	(82,123)
Profit attributable to shareholders	<u>198,867</u>	<u>252,382</u>	<u>59,523</u>	<u>86,168</u>	<u>23,461</u>	<u>107,800</u>	<u>-</u>	<u>728,201</u>
Segment assets	17,882,171	9,481,448	5,014,856	402,692	999	21,507,621	(21,663,707)	32,626,080
Associated companies	3,341,116	332,577	19,278	530,525	1,058,430	-	-	5,281,926
Long-term investments excluding investment in a fixed return co-operative joint venture	989,526	470	-	-	318,523	18,217	-	1,326,736
Tax reserve certificates	21,308	-	-	-	-	-	-	21,308
Trading securities	1,555	-	-	-	-	1,820	-	3,375
Total assets	<u>22,235,676</u>	<u>9,814,495</u>	<u>5,034,134</u>	<u>933,217</u>	<u>1,377,952</u>	<u>21,527,658</u>	<u>(21,663,707)</u>	<u>39,259,425</u>
Segment liabilities	13,721,997	3,608,597	2,514,792	514,413	803,585	12,906,842	(21,663,707)	12,406,519
Taxation and deferred taxation	18,985	11,086	1,475	-	-	12,605	-	44,151
Minority interests and loans	661,335	2,059,246	281,385	-	-	1,088	-	3,003,054
Total liabilities	<u>14,402,317</u>	<u>5,678,929</u>	<u>2,797,652</u>	<u>514,413</u>	<u>803,585</u>	<u>12,920,535</u>	<u>(21,663,707)</u>	<u>15,453,724</u>
Capital expenditure	941,045	28,625	26,857	-	-	1,549	-	998,076
Depreciation	1,411	8,481	30,138	-	-	1,743	-	41,773
Amortisation	-	-	-	62,160	-	-	-	62,160
Provision in respect of stock of completed properties held for sale	400,000	-	-	-	-	-	-	400,000

2. PRINCIPAL ACTIVITIES AND SEGMENTAL ANALYSIS OF OPERATIONS (CONTINUED)

(d) Secondary reporting format - geographical segments

	2001			
	Segment revenue HK\$'000	Segment results HK\$'000	Segment assets HK\$'000	Capital expenditure HK\$'000
Hong Kong	3,537,250	192,785	18,764,623	250,176
PRC	1,437,078	659,888	10,077,760	16,492
Others	151,389	1,104	107,617	80,806
	<u>5,125,717</u>	<u>853,777</u>	<u>28,950,000</u>	<u>347,474</u>
	2000			
	Segment revenue HK\$'000	Segment results HK\$'000	Segment assets HK\$'000	Capital expenditure HK\$'000
Hong Kong	2,224,077	612,785	22,660,642	969,451
PRC	1,090,678	405,870	9,964,439	28,625
Others	-	-	999	-
	<u>3,314,755</u>	<u>1,018,655</u>	<u>32,626,080</u>	<u>998,076</u>

3. OPERATING PROFIT BEFORE FINANCE COSTS

	Group	
	2001 HK\$'000	2000 HK\$'000
(a) Operating profit before finance costs is stated after crediting and charging the following:		
Crediting		
Gross rental income from investment properties		
– Hong Kong	423,058	464,519
– PRC	462,255	355,509
	885,313	820,028
Less: outgoings in respect of investment properties		
– Hong Kong	(32,029)	(28,237)
– PRC	(63,567)	(51,340)
	(95,596)	(79,577)
Net rental income from investment properties		
– Hong Kong	391,029	436,282
– PRC	398,688	304,169
	789,717	740,451
Interest income	54,548	79,579
Less: amount capitalised in properties under development	(933)	(1,424)
	53,615	78,155
Gain on sale of investment properties		
– excess of sales proceeds over book value	–	11,520
– transfer from investment properties revaluation reserve	–	403,023
	–	414,543
Realised gain on disposal of trading securities	248	17,370
Unrealised gain on trading securities	1,220	515
Charging		
Loss on sale of investment properties		
– excess of book value over sales proceeds	281,320	–
– transfer from investment properties revaluation reserve	(256,218)	–
	25,102	–
Cost of sale of completed properties and pre-sale of properties under development	2,132,929	577,015
Transfer from completed properties revaluation reserve	(13,417)	(45,275)
	2,119,512	531,740
Auditors' remuneration	4,387	3,217
Non-audit service fees paid and payable to auditors	2,554	2,071
Depreciation of fixed assets	48,510	42,231
Less: amount capitalised in properties under development	(918)	(458)
	47,592	41,773
Amortisation of goodwill	293	–
Retirement benefit costs (note 9)	13,058	10,329
Operating lease charges – land and buildings	12,764	7,661
Staff costs	298,483	247,052

3. OPERATING PROFIT BEFORE FINANCE COSTS (CONTINUED)

- (b) An amount of HK\$111,689,000 is included in other income which represents gain on disposal of investment in a fixed return co-operative joint venture (note 15(a)).
- (c) The amount represents specific provision of HK\$360 million for the Constellation Cove development at Tai Po Kau in Hong Kong (2000: HK\$400 million for the Ocean Pointe development at Sham Tseng in Hong Kong). The Group's 75% share of the provision amounts to HK\$270 million.

The minority shareholders' 25% share of the specific provision for the Constellation Cove project is HK\$90 million. The HK\$90 million has been accounted for within the minority interests results for the year ended 31 December 2001.

4. FINANCE COSTS

	Group	
	2001	2000
	HK\$'000	HK\$'000
Bank loans and overdrafts wholly repayable within five years	345,377	613,594
Convertible bonds	170,221	119,085
Others	35,690	8,862
	551,288	741,541
Less: amount capitalised in properties under development	(153,389)	(334,482)
Total finance costs expensed during the year	397,899	407,059

The capitalisation rate applied to funds borrowed and used for the development of properties held for/under development is between 3% to 11% per annum.

5. TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year. Taxation on PRC and overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the PRC and the overseas countries in which the Group operates, respectively.

The amount of taxation charged to the consolidated profit and loss account represents:

	Group	
	2001 HK\$'000	2000 HK\$'000
Hong Kong profits tax		
– Current	42,262	57,202
– Over provision in prior years	(18,942)	(7,344)
– Deferred (note 28)	–	5,106
	23,320	54,964
PRC taxation		
– Current	10,227	12,470
– Over provision in prior years	–	(673)
– Deferred (note 28)	46,199	4,246
	56,426	16,043
Overseas taxation		
– Current	380	–
Share of taxation attributable to associated companies	22,237	50,525
	102,363	121,532

6. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders dealt with in the accounts of the Company is HK\$384,229,000 (2000: HK\$479,742,000).

7. DIVIDENDS

	Company	
	2001 HK\$'000	2000 HK\$'000
Interim, paid, of HK\$0.20 (2000: HK\$0.20) per ordinary share (note (a))	230,973	223,865
Final, proposed, of HK\$0.12 (2000: HK\$0.20) per ordinary share (note (b))	138,687	226,883

(a) Amounts shown in respect of the interim dividend for the year ended 31 December 2001 reflect the cash dividend of HK\$0.20 (2000: HK\$0.20) per ordinary share. A scrip dividend alternative to the interim dividend was also offered, with the result that only HK\$224,510,000 (2000: HK\$61,605,000) of the interim dividend was paid in cash.

(b) The previously recorded final dividends proposed and declared after the balance sheet date but accrued in the accounts for the years ended 31 December 1999 and 2000 were HK\$223,648,000 and HK\$226,883,000, respectively. Under the Group's new accounting policy as described in note 1(t), these have been written back against opening retained profits as at 1 January 2000 and 2001 in note 25 and are now charged in the year in which they were proposed.

At a meeting held on 4 March 2002, the directors proposed a final dividend of HK\$0.12 per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained profits for the year ending 31 December 2002.

8. EARNINGS PER SHARE – GROUP

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$395,750,000 (2000: HK\$728,201,000) and the weighted average number of 1,146,996,273 shares (2000: 1,121,951,220 shares) in issue during the year.

The dilution from the outstanding share options granted by the Company in June 2000 is immaterial. There is no dilution arising from the outstanding convertible bonds issued by the Group and the other outstanding share options granted by the Company. Accordingly, diluted earnings per share has not been shown.

9. RETIREMENT BENEFIT COSTS

Pursuant to the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) (the "MPF Ordinance"), companies within the Group in Hong Kong have enrolled all employees in Hong Kong aged between 18 and 65 into a mandatory provident fund scheme (the "MPF Scheme") from 1 December 2000.

The MPF Scheme is a master trust scheme established under a trust arrangement and governed by laws in Hong Kong. The assets of the MPF Scheme are held separately from the assets of the employer, the trustees and other service providers. Contributions are made to the MPF Scheme by the employers at 5% of the employees' relevant income as defined in the MPF Ordinance up to a maximum of HK\$1,000 per employee per month (the "MPF Contribution"). The employees also contribute a corresponding amount to the MPF Scheme from 31 December 2000 if their relevant income is more than HK\$4,000 per month. The MPF Contributions are fully and immediately vested in the employees as accrued benefits once they are paid to the approved trustees of the MPF Scheme. Investment income or profit derived from the investment of accrued benefits (after taking into account any loss arising from such investment) is also immediately vested in the employees.

Certain companies within the Group are also participants of the Kerry Trading Co. Limited – Provident Fund Scheme (the "Fund") which is a defined contribution scheme as defined in the Occupational Retirement Schemes Ordinance (Chapter 426 of the Laws of Hong Kong). The Fund is for certain salaried persons (the "Fund Members") in the employment in Hong Kong of the companies participating in the Fund. The assets of the Fund are managed by the trustees of the Fund. Contributions are made to the Fund by companies participating in the Fund at 10% of the Fund Members' monthly basic salaries up to a maximum of HK\$5,000 per Fund Member per month (the "Basic Contribution") less the MPF Contribution if the Basic Contribution is higher than the MPF Contribution. Fund Members are entitled to 100% of the employers' contributions to the Fund plus investment earnings after completing ten years of service or more, or attaining the retirement age after any number of years of service. Fund Members are also entitled to the employers' contributions to the Fund plus investment earnings calculated at a reduced scale of between 20% and 90% after completing a period of service of at least two but less than ten years. The unvested benefits of employees terminating employment forfeited in accordance with the terms of the Fund can be utilised by the companies participating in the Fund to reduce the future levels of contributions. The amounts of unvested benefits so utilised by the Group during the year and available for the future reduction of employers' contributions as at 31 December 2001 were as follows:

	2001 HK\$'000	2000 HK\$'000
Unvested benefits utilised to reduce contributions during the year ended 31 December	<u>1,470</u>	<u>2,397</u>
Unvested benefits available as at 31 December	<u>407</u>	<u>224</u>
Contributions during the year ended 31 December		
– to the MPF Scheme	6,228	421
– to the Fund	6,830	9,908
Total contributions to the MPF Scheme and the Fund during the year ended 31 December	<u>13,058</u>	<u>10,329</u>

10. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS

(a) Directors

The aggregate amounts of emoluments payable to directors of the Company during the year were as follows:

	2001 HK\$'000	Group 2000 HK\$'000
Fees		
– Independent non-executive directors	540	540
– Non-executive directors	188	345
	728	885
For management		
Basic salaries, housing allowances, other allowances and other benefits in kind	15,245	14,955
Discretionary bonuses	5,295	6,350
Directors' pensions	240	240
	20,780	21,545
	21,508	22,430

The emoluments of the directors fell within the following bands:

Emolument bands	2001	Number of directors 2000
HK\$ Nil – HK\$1,000,000	4	4
HK\$ Nil – HK\$200,000	1	2
HK\$200,001 – HK\$1,000,000	5	6
HK\$3,000,001 – HK\$3,500,000	1	–
HK\$3,500,001 – HK\$4,000,000	–	1
HK\$4,500,001 – HK\$5,000,000	1	1
HK\$5,000,001 – HK\$5,500,000	1	1
HK\$6,500,001 – HK\$7,000,000	1	1
	9	10

No directors have waived emoluments in respect of the years ended 31 December 2001 and 2000.

On 2 March 2001, the Company granted options to an executive director of the Company under the Share Option Scheme to acquire a total of 100,000 option shares of par value of HK\$1 each in the share capital of the Company at an exercise price of HK\$12.23 per option share. The option shares granted are divided into three tranches of 34,000, 34,000 and 32,000 and are exercisable from 2 March 2002, 2 March 2003 and 2 March 2004, respectively, to 1 March 2011.

Pursuant to the terms of the Share Option Scheme, following the change in the Company's issued share capital in May 2001, the Company adjusted the respective exercise prices per option share of the unexercised options and the respective number of option shares comprising thereunder on 1 August 2001. The exercise prices have been adjusted from HK\$15.77 to HK\$15.50, from HK\$10.19 to HK\$10.01, from HK\$7.08 to HK\$6.96 and from HK\$12.23 to HK\$12.03 in respect of the unexercised options granted on 11 April 1997, 27 November 1999, 1 June 2000 and 2 March 2001, respectively, with additional corresponding option shares of 110,181, 44,841, 52,555 and 1,662 granted to five directors of the Company.

10. EMOLUMENTS OF DIRECTORS AND HIGHEST PAID INDIVIDUALS (CONTINUED)
(b) Highest paid individuals

The aggregate amounts of emoluments payable to the five highest paid individuals of the Group during the year, of whom four (2000: four) are directors of the Company, were as follows:

	2001	Group
	HK\$'000	2000 HK\$'000
Basic salaries, housing allowances, other allowances and other benefits in kind	16,505	16,935
Discretionary bonuses	5,940	7,645
Pensions contributions	300	300
	22,745	24,880

The emoluments of the five highest paid individuals of the Group during the year, of whom four (2000: four) are directors of the Company, fell within the following bands:

Emolument bands	Number of individuals	
	2001	2000
HK\$2,500,001 – HK\$3,000,000	1	–
HK\$3,000,001 – HK\$3,500,000	1	1
HK\$3,500,001 – HK\$4,000,000	–	1
HK\$4,500,001 – HK\$5,000,000	1	1
HK\$5,000,001 – HK\$5,500,000	1	1
HK\$6,500,001 – HK\$7,000,000	1	1
	5	5

11. INTANGIBLE ASSETS

	Goodwill	Negative	Total
	HK\$'000	goodwill HK\$'000	HK\$'000
At 1 January 2001	–	–	–
Arising from acquisition of subsidiaries	5,998	(421)	5,577
Amortisation	(300)	7	(293)
At 31 December 2001	5,698	(414)	5,284

12. FIXED ASSETS

	Group									
	Investment properties HK\$'000	Hotel properties HK\$'000	Other leasehold land and buildings Warehouses HK\$'000	Staff quarters HK\$'000	Freehold land and buildings HK\$'000	Properties held for/under development HK\$'000	Leasehold improvements HK\$'000	Warehouse operating equipment HK\$'000	Motor vehicles, furniture, fixtures and office equipment HK\$'000	Total HK\$'000
Cost or valuation										
At 1 January 2001	20,939,490	953,000	554,450	6,182	-	2,551,280	6,088	150,952	135,249	25,296,691
Exchange adjustment	3,061	-	-	-	(72)	81	-	(145)	(85)	2,840
Reclassifications	-	-	-	-	-	(434,253)	-	-	-	(434,253)
Additions, at cost	20,511	-	-	-	84	201,116	1,555	12,719	42,018	278,003
Adjustment on revaluation	(2,102,029)	-	17,180	-	-	-	-	-	-	(2,084,849)
Disposals	(1,109,303)	-	-	(2,179)	-	-	-	(1,855)	(5,100)	(1,118,437)
Acquisition of subsidiaries	-	-	-	-	15,798	-	-	31,879	21,794	69,471
At 31 December 2001	17,751,730	953,000	571,630	4,003	15,810	2,318,224	7,643	193,550	193,876	22,009,466
At cost	-	-	-	4,003	15,810	2,318,224	7,643	193,550	193,876	2,733,106
At professional valuation	17,751,730	953,000	571,630	-	-	-	-	-	-	19,276,360
At 31 December 2001	17,751,730	953,000	571,630	4,003	15,810	2,318,224	7,643	193,550	193,876	22,009,466
Aggregate depreciation										
At 1 January 2001	-	-	-	2,025	-	-	3,962	71,876	71,631	149,494
Exchange adjustment	-	-	-	-	(11)	-	-	(43)	(29)	(83)
Reclassifications	-	-	-	-	-	-	-	16	(16)	-
Charge for the year	-	-	13,251	254	101	-	781	11,744	22,379	48,510
Adjustment on revaluation	-	-	(13,251)	-	-	-	-	-	-	(13,251)
Disposals	-	-	-	(799)	-	-	-	(972)	(4,422)	(6,193)
Acquisition of subsidiaries	-	-	-	-	2,234	-	-	9,335	8,490	20,059
At 31 December 2001	-	-	-	1,480	2,324	-	4,743	91,956	98,033	198,536
Net book value as at										
31 December 2001	17,751,730	953,000	571,630	2,523	13,486	2,318,224	2,900	101,594	95,843	21,810,930
Net book value as at										
31 December 2000	20,939,490	953,000	554,450	4,157	-	2,551,280	2,126	79,076	63,618	25,147,197

12. FIXED ASSETS (CONTINUED)

	Company		
	Leasehold improvements HK\$'000	Motor vehicles, furniture, fixtures and office equipment HK\$'000	Total HK\$'000
Cost			
At 1 January 2001	–	2,613	2,613
Additions, at cost	196	922	1,118
Disposals	–	(606)	(606)
At 31 December 2001	196	2,929	3,125
Aggregate depreciation			
At 1 January 2001	–	1,460	1,460
Charge for the year	29	473	502
Disposals	–	(384)	(384)
At 31 December 2001	29	1,549	1,578
Net book value as at 31 December 2001	167	1,380	1,547
Net book value as at 31 December 2000	–	1,153	1,153

- (a) The Group's interests in investment properties, hotel properties, other leasehold land and buildings, freehold land and buildings and properties held for/under development at their net book values are analysed as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
In Hong Kong, held on:		
Leases of over 50 years	7,740,178	9,844,861
Leases of between 10 to 50 years	5,824,796	6,927,282
In PRC, held on:		
Leases of over 50 years	–	126,202
Leases of between 10 to 50 years	8,025,169	8,104,032
Overseas freehold land and buildings and properties under development	20,450	–
	21,610,593	25,002,377

- (b) As at 31 December 2001, properties with an aggregate net book value of HK\$7,358,883,000 (2000: HK\$7,846,113,000) were pledged as security for bank loan facilities granted to the Group (note 33(a)).
- (c) All investment properties, hotel properties and warehouses classified as other leasehold land and buildings were jointly revalued by DTZ Debenham Tie Leung Limited and Chesterton Petty Limited, independent professional valuers, on an open market value basis as at 31 December 2001.
- (d) The carrying amount of the warehouses classified as other leasehold land and buildings would have been HK\$359,611,000 (2000: HK\$364,042,000) had they been stated in the accounts at cost less aggregate depreciation and accumulated impairment loss.

13. SUBSIDIARIES

	Company	
	2001 HK\$'000	2000 HK\$'000
Unlisted shares, at cost (note (a))	18,643,700	18,643,700
Amounts due from subsidiaries (note (b))	8,393,636	10,080,446
	<u>27,037,336</u>	<u>28,724,146</u>

(a) Details of subsidiaries are set out in note 36 to the accounts.

(b) The amounts due from subsidiaries are unsecured, not repayable within twelve months from the balance sheet date and interest-free except for an amount of HK\$5,739,180,000 (2000: HK\$7,423,160,000) which bears interest at prevailing market rates.

14. ASSOCIATED COMPANIES

	Group	
	2001 HK\$'000	2000 HK\$'000
Share of net assets other than goodwill (note (a))	1,061,363	1,302,136
Negative goodwill (note (b))	(27,380)	–
Amounts due from associated companies (note (c))	4,090,205	4,038,162
Amounts due to associated companies (note (d))	(62,218)	(58,372)
	<u>5,061,970</u>	<u>5,281,926</u>

(a) Details of associated companies are set out in note 37 to the accounts.

(b) Negative goodwill

	HK\$'000
At 1 January 2001	–
Arising from acquisition of additional interest in an associated company	28,090
Amortisation	(710)
At 31 December 2001	<u>27,380</u>

(c) The amounts due from associated companies are unsecured, not repayable within twelve months from the balance sheet date and interest-free except for amounts totalling HK\$833,666,000 (2000: HK\$807,861,000) which bear interest at prevailing market rates.

(d) The amounts due to associated companies are unsecured, interest-free and not repayable within twelve months from the balance sheet date.

15. LONG-TERM INVESTMENTS

	Group	
	2001 HK\$'000	2000 HK\$'000
Fixed return co-operative joint venture (note (a))	-	372,920
Non-trading securities:		
Unlisted investments, at fair value	1,726,509	1,307,854
Amounts due from investee companies (note (b))	3,966	9,067
	1,730,475	1,689,841
Club debentures, at cost	9,817	9,815
	1,740,292	1,699,656

(a) Fixed return co-operative joint venture

	Group	
	2001 HK\$'000	2000 HK\$'000
Cost		
At 1 January	621,560	621,560
Disposal	(621,560)	-
At 31 December	-	621,560
Aggregate amortisation		
At 1 January	248,640	186,480
Charge for the year	46,620	62,160
Disposal	(295,260)	-
At 31 December	-	248,640
Net book value as at 31 December	-	372,920

(b) The amounts due from investee companies are unsecured, interest-free and not repayable within twelve months from the balance sheet date.

16. STOCK OF COMPLETED PROPERTIES HELD FOR SALE - GROUP

As at 31 December 2001, the carrying amount of stock of completed properties held for sale that was carried at net realisable value amounted to HK\$582,026,000 (2000: HK\$2,265,198,000).

17. PROPERTIES UNDER DEVELOPMENT FOR SALE

	Group	
	2001 HK\$'000	2000 HK\$'000
Properties under development for sale	3,645,856	3,237,222
Less: sales instalments received and receivable	(576,814)	(366,352)
	3,069,042	2,870,870

As at 31 December 2001, properties under development for sale with an aggregate net book value of HK\$2,636,012,000 (2000: HK\$2,430,495,000) were pledged as security for bank loan facilities granted to the Group (note 33(a)).

18. ACCOUNTS RECEIVABLE, PREPAYMENTS AND DEPOSITS

The Group maintains a defined credit policy. The Group applies credit policies appropriate to the particular business circumstances concerned. The ageing analysis of the trade receivable as at 31 December 2001 was as follows:

	2001 HK\$'000	Group 2000 HK\$'000
0 - 1 month	284,690	206,377
2 - 3 months	33,387	9,917
Over 3 months	10,036	19,510
	328,113	235,804

19. TRADING SECURITIES

	2001 HK\$'000	Group 2000 HK\$'000
Equity securities:		
Listed in Hong Kong	3,816	3,375
Listed outside Hong Kong	148	-
Market value of listed investments	3,964	3,375

20. ACCOUNTS PAYABLE, DEPOSITS RECEIVED AND ACCRUED CHARGES

The ageing analysis of trade payable as at 31 December 2001 was as follows:

	2001 HK\$'000	Group 2000 HK\$'000
0 - 1 month	116,660	190,646
2 - 3 months	16,182	3,122
Over 3 months	4,705	4,416
	137,547	198,184

21. SHARE CAPITAL

	Authorised			
	Ordinary shares of HK\$1 each			
	2001		2000	
	No. of shares	HK\$'000	No. of shares	HK\$'000
At 31 December 2000 and 2001	<u>10,000,000,000</u>		<u>10,000,000</u>	
	Issued and fully paid			
	Ordinary shares of HK\$1 each			
	2001		2000	
	No. of shares	HK\$'000	No. of shares	HK\$'000
At 1 January	1,134,417,155	1,134,417	1,118,238,605	1,118,239
Issue of scrip dividend shares	21,310,334	21,310	16,178,550	16,178
At 31 December	<u>1,155,727,489</u>	<u>1,155,727</u>	<u>1,134,417,155</u>	<u>1,134,417</u>

- (a) On 11 April 2001, the Company approved a final dividend on its ordinary shares for the year ended 31 December 2000. The Company offered to its shareholders a scrip dividend alternative under which the shareholders could elect to receive ordinary shares in lieu of a cash dividend. 20,447,518 ordinary shares of HK\$1 each were issued on 25 May 2001 under this scheme. Proceeds received in respect of the scrip dividend shares issued were used as additional working capital for the Group.
- (b) On 1 August 2001, the Company declared an interim dividend on its ordinary shares for the year ended 31 December 2001. The Company offered to its shareholders a scrip dividend alternative under which the shareholders could elect to receive ordinary shares in lieu of a cash dividend. 862,816 ordinary shares of HK\$1 each were issued on 9 October 2001 under this scheme. Proceeds received in respect of the scrip dividend shares issued were used as additional working capital for the Group.
- (c) At 31 December 2001, the Company had outstanding US\$197,180,000 (2000: US\$198,480,000) guaranteed redeemable bonds convertible into shares of the Company (note 27(c)). Full conversion of such bonds would under the present capital structure of the Company, result in the issue of shares with an aggregate nominal value of approximately HK\$71,053,000 (2000: HK\$71,521,000).

22. SHARE OPTIONS

Under the Share Option Scheme, the directors of the Company may, at their discretion, invite executive directors and key employees of the Company or its subsidiaries to subscribe for shares in the Company subject to terms and conditions stipulated therein.

On 2 March 2001, the Company granted a total of 1,240,000 option shares at an exercise price of HK\$12.23 per share.

Pursuant to the terms of the Share Option Scheme, the Company adjusted the respective exercise prices per option share of the unexercised options and the respective number of option shares comprised thereunder on 1 August 2001 following the change in the Company's issued share capital in May 2001.

Details of the movements of the outstanding option shares during the year were listed as follows:

	Outstanding option shares granted on 11 April 1997	Outstanding option shares granted on 27 November 1999	Outstanding option shares granted on 1 June 2000	Outstanding option shares granted on 2 March 2001
At 1 January 2001	11,729,531	5,849,254	8,468,260	N/A
Granted during the year	N/A	N/A	N/A	1,240,000
Lapsed during the year	Nil	Nil	(61,285)	Nil
Exercised during the year	Nil	Nil	Nil	Nil
Additional number of option shares granted for the adjustment made on 1 August 2001	204,315	105,157	145,444	20,610
At 31 December 2001	11,933,846	5,954,411	8,552,419	1,260,610
Exercise price per option share immediately before the adjustment on 1 August 2001	HK\$15.77	HK\$10.19	HK\$7.08	HK\$12.23
Exercise price per option share immediately after the adjustment on 1 August 2001	HK\$15.50	HK\$10.01	HK\$6.96	HK\$12.03
Exercise period	11 April 1999 to 26 March 2007	Tranche I - 27 May 2000 to 26 March 2007 Tranche II - 27 May 2001 to 26 March 2007	Tranche I - 1 June 2001 to 31 May 2010 Tranche II - 1 June 2002 to 31 May 2010 Tranche III - 1 June 2003 to 31 May 2010	Tranche I - 2 March 2002 to 1 March 2011 Tranche II - 2 March 2003 to 1 March 2011 Tranche III - 2 March 2004 to 1 March 2011
Number of relevant option shares under each tranche	N/A	Tranche I - 2,977,191 Tranche II - 2,977,220	Tranche I - 2,890,000 Tranche II - 2,890,000 Tranche III - 2,772,419	Tranche I - 430,000 Tranche II - 430,000 Tranche III - 400,610

23. SHARE PREMIUM

	Company	
	2001 HK\$'000	2000 HK\$'000
At 1 January	3,203,749	3,047,158
Arising from scrip dividend (notes 21(a) and (b))	167,749	156,591
At 31 December	<u>3,371,498</u>	<u>3,203,749</u>

24. OTHER RESERVES

	Group								
	Investment properties revaluation reserve HK\$'000	Hotel properties revaluation reserve HK\$'000	Other properties revaluation reserve HK\$'000	Properties under development revaluation reserve HK\$'000	Completed properties revaluation reserve HK\$'000	Share of post acquisition revaluation reserve of associated companies HK\$'000	Non-trading securities revaluation reserve HK\$'000	Others (note (a)) HK\$'000	Total HK\$'000
At 1 January 2000	4,871,064	72,456	458,625	-	58,692	972,010	910,069	7,880,538	15,223,454
Arising from purchase of additional interest in an associated company	-	-	-	-	-	-	-	62,854	62,854
Arising from purchase of subsidiaries	-	-	-	-	-	-	-	(3,590)	(3,590)
On revaluation of properties (note (b))	(437,787)	-	(50,129)	-	-	(562,132)	-	-	(1,050,048)
Arising from valuation of non-trading securities (note (c))	-	-	-	-	-	-	57,745	-	57,745
Reclassifications	(208,719)	-	104,012	95,619	-	-	-	9,088	-
Transfer to profit and loss account on disposal of properties excluding warehouses	(402,968)	-	-	-	(45,275)	(51,385)	-	-	(499,628)
Transfer (to)/from retained profits	-	-	(3,469)	-	-	(28,020)	-	2,864	(28,625)
Exchange differences arising from investments in the PRC and overseas subsidiaries/associated companies	52,699	-	(1,864)	-	-	-	-	(202,157)	(151,322)
At 31 December 2000	<u>3,874,289</u>	<u>72,456</u>	<u>507,175</u>	<u>95,619</u>	<u>13,417</u>	<u>330,473</u>	<u>967,814</u>	<u>7,749,597</u>	<u>13,610,840</u>
Company and subsidiaries	3,874,289	72,456	507,175	95,619	13,417	-	967,814	7,743,227	13,273,997
Associated companies	-	-	-	-	-	330,473	-	6,370	336,843
At 31 December 2000	<u>3,874,289</u>	<u>72,456</u>	<u>507,175</u>	<u>95,619</u>	<u>13,417</u>	<u>330,473</u>	<u>967,814</u>	<u>7,749,597</u>	<u>13,610,840</u>

24. OTHER RESERVES (CONTINUED)

	Group								
	Investment properties revaluation reserve HK\$'000	Hotel properties revaluation reserve HK\$'000	Other properties revaluation reserve HK\$'000	Properties under development revaluation reserve HK\$'000	Completed properties revaluation reserve HK\$'000	Share of post acquisition revaluation reserve of associated companies HK\$'000	Non-trading securities revaluation reserve HK\$'000	Others (note (a)) HK\$'000	Total HK\$'000
At 1 January 2001	3,874,289	72,456	507,175	95,619	13,417	330,473	967,814	7,749,597	13,610,840
On revaluation of properties (note (b))	(2,070,875)	-	50,149	-	-	(169,178)	-	-	(2,189,904)
Arising from valuation of non-trading securities (note (c))	-	-	-	-	-	-	392,522	-	392,522
Release upon disposal of subsidiaries	-	-	-	-	-	-	-	(494)	(494)
Reclassifications	(2,289)	4,025	-	-	-	(106,967)	-	105,231	-
Transfer to profit and loss account on disposal of properties	(140,135)	-	-	-	(13,417)	-	-	-	(153,552)
Transfer (to)/from retained profits (note (d))	-	-	(7,084)	-	-	-	-	3,359	(3,725)
Exchange differences arising from investments in the PRC and overseas subsidiaries/associated companies	666	-	-	-	-	(13,785)	-	(70,717)	(83,836)
At 31 December 2001	1,661,656	76,481	550,240	95,619	-	40,543	1,360,336	7,786,976	11,571,851
Company and subsidiaries	1,661,656	76,481	550,240	95,619	-	-	1,360,336	7,777,247	11,521,579
Associated companies	-	-	-	-	-	40,543	-	9,729	50,272
At 31 December 2001	1,661,656	76,481	550,240	95,619	-	40,543	1,360,336	7,786,976	11,571,851

24. OTHER RESERVES (CONTINUED)

(a) Others

	Group				Total HK\$'000
	Capital reserve (note (e)) HK\$'000	Exchange fluctuation reserve HK\$'000	Enterprise expansion and general reserve funds (note (f)) HK\$'000	Capital redemption reserve (note (h)) HK\$'000	
At 1 January 2000	7,907,231	(43,079)	8,744	7,642	7,880,538
Arising from purchase of additional interest in an associated company	62,854	-	-	-	62,854
Arising from purchase of subsidiaries	(3,590)	-	-	-	(3,590)
Reclassifications	9,088	-	-	-	9,088
Transfer from retained profits	-	-	2,864	-	2,864
Exchange differences arising from investments in the PRC and overseas subsidiaries/ associated companies	-	(202,157)	-	-	(202,157)
At 31 December 2000	7,975,583	(245,236)	11,608	7,642	7,749,597
Company and subsidiaries	7,975,583	(245,360)	5,362	7,642	7,743,227
Associated companies	-	124	6,246	-	6,370
At 31 December 2000	7,975,583	(245,236)	11,608	7,642	7,749,597
At 1 January 2001	7,975,583	(245,236)	11,608	7,642	7,749,597
Release upon disposal of subsidiaries	(494)	-	-	-	(494)
Reclassifications	-	105,231	-	-	105,231
Transfer from retained profits	-	-	3,359	-	3,359
Exchange differences arising from investments in the PRC and overseas subsidiaries/ associated companies	-	(70,717)	-	-	(70,717)
At 31 December 2001	7,975,089	(210,722)	14,967	7,642	7,786,976
Company and subsidiaries	7,975,089	(210,846)	5,362	7,642	7,777,247
Associated companies	-	124	9,605	-	9,729
At 31 December 2001	7,975,089	(210,722)	14,967	7,642	7,786,976

24. OTHER RESERVES (CONTINUED)

- (b) These represent surplus/(deficit) arising from revaluation of properties at the balance sheet date. The accounting policies in respect of revaluation of properties are set out in notes 1(h)(i) to (iii) to the accounts.
- (c) This represents the surplus arising from valuation of the Group's non-trading securities at the balance sheet date (note 15).
- (d) Transfers from other properties revaluation reserve to retained profits represent additional annual depreciation charges arising from revaluation of land and buildings.
- (e) Capital reserve of the Group arose from the Group's reorganisation in preparation for its listing on the Stock Exchange of Hong Kong in August 1996, adjusted by the excess or deficit of the fair values of the net assets of subsidiaries and associated companies subsequently acquired over the cost of investment at the date of acquisition before 1 January 2001 (note 1(f)).
- (f) Enterprise expansion and general reserve funds represent funds set up by a subsidiary and an associated company established and operating in the PRC. According to the PRC Foreign Enterprise Accounting Standards, upon approval, the enterprise expansion reserve fund may be used for increasing capital while the general reserve fund may be used for making up losses and increasing capital.
- (g) Other reserves

	Company		
	Contributed surplus	Capital redemption reserves	Total
	HK\$'000	(note (h)) HK\$'000	HK\$'000
At 1 January 2000 and 31 December 2000	17,793,308	7,642	17,800,950
At 1 January 2001 and 31 December 2001	17,793,308	7,642	17,800,950

- (i) The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of companies being acquired, and represents the difference between the nominal value of the Company's shares issued and the value of net assets of the companies acquired. Under the 1981 Companies Act of Bermuda (as amended), the contributed surplus is distributable to the shareholders. At Group level, the contributed surplus is reclassified into its components of reserves of the underlying subsidiaries.
- (ii) As at 31 December 2001, the reserves of the Company available for distribution amounted to approximately HK\$18,165,895,000 (2000: HK\$18,239,522,000 (as restated)).
- (h) The capital redemption reserve arose from the purchase of the Company's shares for cancellation during 1998 and represents a transfer from the Company's retained profits equivalent to the nominal value of the shares purchased for cancellation.

25. RETAINED PROFITS

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
At 1 January, as previously reported	5,629,812	5,323,734	211,689	182,695
Effect of adopting SSAP 9 (revised) (note 1(t))	226,883	223,648	226,883	223,648
At 1 January, as restated	5,856,695	5,547,382	438,572	406,343
Transfer from other reserves	3,725	28,625	-	-
Profit for the year	395,750	728,201	384,229	479,742
2000/1999 final dividend paid	(226,883)	(223,648)	(226,883)	(223,648)
2001/2000 interim dividend paid	(230,973)	(223,865)	(230,973)	(223,865)
At 31 December	5,798,314	5,856,695	364,945	438,572
2001/2000 final dividend proposed	(138,687)	(226,883)	(138,687)	(226,883)
	5,659,627	5,629,812	226,258	211,689
Company and subsidiaries	5,313,057	5,227,019	226,258	211,689
Associated companies	346,570	402,793	-	-
	5,659,627	5,629,812	226,258	211,689

26 MINORITY INTERESTS AND LOANS

	Group	
	2001 HK\$'000	2000 HK\$'000
Share of equity	513,899	736,853
Loans from minority shareholders	2,210,255	2,266,201
	2,724,154	3,003,054

The loans from minority shareholders represent proportionate funding from the minority shareholders of joint venture projects, including an amount of approximately HK\$692,204,000 (2000: HK\$678,527,000) received from a subsidiary of Shangri-La Asia Limited, a related company whose shares are listed on the Stock Exchange of Hong Kong. These loans are unsecured, subordinated to the bank loans of the relevant subsidiaries, have no fixed terms of repayment, and interest-free except for an amount of HK\$349,754,000 (2000: HK\$67,940,000) which bears interest at prevailing market rates.

27. LONG-TERM LIABILITIES

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Bank loans – unsecured	5,569,900	7,045,763	5,409,000	6,918,915
Bank loans – secured (note 33)	2,076,655	1,883,733	–	–
Total bank loans (note (a))	7,646,555	8,929,496	5,409,000	6,918,915
Convertible bonds (note (c))	1,960,516	1,831,677	–	–
	9,607,071	10,761,173	5,409,000	6,918,915
Current portion of long-term liabilities				
Bank loans (note (a))	(1,280,560)	(4,397,879)	(109,000)	(3,999,915)
Convertible bonds (note (c))	(1,960,516)	–	–	–
	(3,241,076)	(4,397,879)	(109,000)	(3,999,915)
	6,365,995	6,363,294	5,300,000	2,919,000

(a) At 31 December 2001, the Group's bank loans were repayable as follows:

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Within one year	1,280,560	4,397,879	109,000	3,999,915
After one year				
In the second year	1,152,988	764,842	400,000	109,000
In the third year	413,007	1,512,092	100,000	716,667
In the fourth year	–	1,114,797	–	953,447
In the fifth year	4,800,000	1,139,886	4,800,000	1,139,886
	6,365,995	4,531,617	5,300,000	2,919,000
	7,646,555	8,929,496	5,409,000	6,918,915

(b) As at 31 December 2001, the Group had total available cash resources of approximately HK\$9.2 billion (2000: HK\$5.0 billion) comprising net cash and bank balances (including pledged bank deposits) of approximately HK\$2.3 billion (2000: HK\$1.3 billion) and undrawn banking facilities of approximately HK\$6.9 billion (2000: HK\$3.7 billion).

27. LONG-TERM LIABILITIES (CONTINUED)

(c) Convertible bonds

	Group	
	2001	2000
	HK\$'000	HK\$'000
Nominal value		
At 1 January	1,548,005	1,542,785
Convertible bonds purchased for cancellation	(10,139)	-
Exchange adjustment	(335)	5,220
At 31 December	1,537,531	1,548,005
Provision for premium on redemption		
At 1 January	295,040	215,980
Additions, net of amounts written back on convertible bonds purchased for cancellation	130,204	79,060
At 31 December	425,244	295,040
Issue costs		
At 1 January	(11,368)	(20,462)
Amortised during the year, including amounts written off on convertible bonds purchased for cancellation	9,109	9,094
At 31 December	(2,259)	(11,368)
Carrying value as at 31 December	1,960,516	1,831,677
Current portion of long-term liabilities	(1,960,516)	-
	-	1,831,677

- (i) On 25 March 1997, Kerry Properties Capital Limited ("KPCL"), a wholly-owned subsidiary of the Company, issued US\$250,000,000 guaranteed redeemable convertible bonds (the "Bonds") at a price of 100 % of their principal amount. The Bonds, which are guaranteed by the Company (note 32 (b)(i)) and listed on the Luxembourg Stock Exchange, bear interest at 2 % per annum payable semi-annually in arrears on 15 June and 15 December of each year.
- (ii) The Bonds are convertible at the option of the bondholders between 5 May 1997 and 1 June 2007, both days inclusive, unless previously redeemed, at an initial conversion price of HK\$21.50 per share at a fixed rate of exchange on conversion of HK\$7.7474 = US\$1. The conversion price is subject to adjustment in certain events as stipulated in the trust deed dated 25 March 1997 as amended by a supplemental trust deed dated 19 May 1999 (the "Trust Deed"). During the year, there had been no conversion of Bonds into shares of the Company by the bondholders.

27. LONG-TERM LIABILITIES (CONTINUED)

(c) Convertible bonds (Continued)

- (iii) Unless previously purchased and cancelled, redeemed or converted, the Bonds will be redeemed on 15 June 2007 at their principal amount. The bondholders have an option to require KPCL to redeem the Bonds (the "Bondholders' Option"), in whole, on 25 March 2002 at a redemption price of 129.712% of their principal amount. KPCL has an option to redeem the Bonds (the "KPCL's Option"), in whole or in part, at any time after 25 March 1999 at the redemption prices set out below, except that the Bonds may not be so redeemed unless the closing price of the Company's shares on the Stock Exchange of Hong Kong is at least 130 % of the conversion price for at least 20 dealing days in a period of 30 consecutive dealing days.

Period of redemption	Redemption prices
26 March 1999 – 25 March 2002	Principal plus premium to generate a yield of 7.06 % per annum
26 March 2002 – 15 June 2007	100 %

In addition, KPCL may redeem at any time in whole, but not in part, in the event of certain changes relating to taxation in the British Virgin Islands, Bermuda or Hong Kong as stipulated in the Trust Deed.

A provision of HK\$425,244,000 (2000: HK\$295,040,000) has been made for the estimated premium payable under the Bondholders' Option.

- (iv) During the year, the Group purchased US\$1,300,000 of the Bonds from the market for cancellation in accordance with the terms and conditions for the issuance of the Bonds. At 31 December 2001, the principal amount of the outstanding Bonds is US\$197,180,000 (2000: US\$198,480,000).

28. DEFERRED TAXATION

	Group	
	2001 HK\$'000	2000 HK\$'000
At 1 January	4,920	(4,432)
Transfer from profit and loss account (note 5)		
– Hong Kong	–	5,106
– PRC	46,199	4,246
	46,199	9,352
At 31 December	51,119	4,920
Deferred taxation liability provided for in respect of other timing differences (note (c))	51,119	4,920
The potential deferred taxation not provided for in the accounts amounts to:		
Accelerated depreciation allowance	–	36,616
Estimated tax losses	(297,425)	(122,875)
	(297,425)	(86,259)

- (a) No provision has been made in respect of that portion of the potential liability which is not expected to crystallise in the foreseeable future. No recognition of the potential deferred taxation asset relating to estimated tax losses has been made as the recoverability of this potential deferred taxation asset is uncertain.

28. DEFERRED TAXATION (CONTINUED)

- (b) The changes arising on revaluation of properties of subsidiaries and associated companies do not constitute a timing difference and accordingly there are no deferred tax implications.
- (c) Other timing differences represent the tax effect of timing differences arising from the use of different bases of recognition of revenue and expenses in respect of pre-sale of properties in the PRC for financial reporting and taxation purposes.

29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

- (a) Reconciliation of profit before taxation to net cash inflow from operating activities

	Group	
	2001	2000
	HK\$'000	HK\$'000
Profit before taxation	526,238	931,856
Amortisation of investment in a fixed return co-operative joint venture	46,620	62,160
Amortisation of goodwill	293	-
Depreciation	47,592	41,773
Income from investment in a fixed return co-operative joint venture	(89,309)	(118,998)
Dividend income from listed and unlisted investments	(17,792)	(101,188)
Finance costs	397,899	407,059
Interest income	(53,615)	(78,155)
Loss/(gain) on sale of fixed assets	26,184	(411,015)
Gain on sale of investment in a fixed return co-operative joint venture	(111,689)	-
Gain on sale of listed equity shares	(248)	(17,370)
Unrealised gain on valuation of listed equity shares	(1,220)	(515)
Provision in respect of properties under development for sale/stock of completed properties held for sale	360,000	400,000
Share of profits less losses of associated companies	1,047	(140,917)
Decrease/(increase) in current assets, excluding tax recoverable, tax reserve certificates, trading securities, pledged bank deposits and cash and bank balances	980,146	(399,648)
Decrease in accounts payable, deposits received and accrued charges	(61,177)	(152,247)
Net cash inflow from operating activities	<u>2,050,969</u>	<u>422,795</u>

29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(b) Analysis of changes in financing during the year

	Share capital (including share premium)		Long-term borrowings (including current portion)		Minority interests and loans	
	2001	2000	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January	4,338,166	4,165,397	10,761,173	10,011,516	3,003,054	2,954,481
Non-cash movement:						
Issue of scrip dividend	189,059	172,769	-	-	-	-
Share of profit	-	-	-	-	28,125	82,123
Share of revaluation reserves	-	-	-	-	(50,872)	(47,901)
Release of revaluation reserve on disposal of properties	-	-	-	-	(116,083)	-
Increase in interest in a subsidiary	-	-	-	-	-	(4,025)
Exchange adjustment	-	-	(291)	12,915	795	(3,711)
Loans of subsidiaries acquired	-	-	11,920	-	-	-
Provision of premium and amortisation of issue cost of convertible bonds	-	-	139,313	88,154	-	-
Share of increase in share capital of subsidiaries	-	-	-	-	2,781	-
Purchase of subsidiaries	-	-	-	-	2,113	-
Disposal of subsidiaries	-	-	-	-	(6,146)	-
	189,059	172,769	150,942	101,069	(139,287)	26,486
Repayment of bank loans	-	-	(7,915,290)	(2,895,079)	-	-
Purchase of convertible bonds for cancellation	-	-	(10,139)	-	-	-
Drawdown of bank loans	-	-	6,620,385	3,543,667	-	-
(Decrease)/increase in loans from minority shareholders	-	-	-	-	(35,346)	48,814
Dividends paid to minority shareholders in subsidiaries	-	-	-	-	(104,267)	(26,727)
At 31 December	4,527,225	4,338,166	9,607,071	10,761,173	2,724,154	3,003,054

29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(c) Purchase of subsidiaries

	2001 HK\$'000	2000 HK\$'000
Net assets acquired:		
Fixed assets	49,412	126
Other investments	2,580	-
Accounts and other receivables	19,619	6,786
Tax recoverable	-	70
Cash and bank balances	8,287	2,470
Accounts and other payables	(59,025)	(3,426)
Taxation	(393)	-
Bank overdrafts	(3,049)	(1,439)
Bank loans	(11,920)	-
	5,511	4,587
Less: Minority interests	(2,113)	-
	3,398	4,587
Goodwill	5,577	3,590
	8,975	8,177
Satisfied by:		
Cash	32,503	8,177
Shareholders' loan assigned	(23,528)	-
	8,975	8,177

(d) Analysis of the net cash outflow in respect of the purchase of subsidiaries

	2001 HK\$'000	2000 HK\$'000
Cash consideration	32,503	8,177
Cash and bank balances acquired	(8,287)	(2,470)
Bank overdrafts acquired	3,049	1,439
Net cash outflow in respect of the purchase of subsidiaries	27,265	7,146

29. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

(e) Disposal of subsidiaries

	2001 HK\$'000	2000 HK\$'000
Net assets disposed of:		
Accounts and other receivables	2,131	–
Tax recoverable	760	–
Cash and bank balances	22,835	–
Accounts and other payables	(11,394)	–
Taxation	(27)	–
	14,305	–
Less: Minority interests	(6,146)	–
	8,159	–
Capital reserve released upon disposal	(494)	–
	7,665	–
Satisfied by:		
Cash	7,665	–

(f) Analysis of the net cash outflow in respect of the disposal of subsidiaries

	2001 HK\$'000	2000 HK\$'000
Cash consideration	7,665	–
Cash and bank balances disposed	(22,835)	–
Net cash outflow in respect of the disposal of subsidiaries	(15,170)	–

30. RELATED PARTY TRANSACTIONS

Significant related party transactions, in addition to those connected transactions (where applicable) disclosed in the Report of the Directors, which were carried out in the normal course of the Group's business during the year were as follows:

	Group	
	2001 HK\$'000	2000 HK\$'000
(Income)/expenses		
Rental and storage income (note (a))	(2,964)	(3,040)
Project management and consultancy fee income (note (b))	(4,709)	(2,004)
Administration and management service fee expense (note (c))	293	446
Rent and related service charges (note (c))	356	1,527
Marketing, consultancy and administrative management fee expense (note (d))	9,416	7,459
Insurance premium expense (note (e))	9,307	6,848

(a) This represents rental and storage income arising from the leasing of commercial, residential, car parks and warehouse storage space to various subsidiaries and associated companies of Kerry Group Limited, the ultimate holding company of the Company, and other related parties at market rates.

30. RELATED PARTY TRANSACTIONS (CONTINUED)

- (b) The Group provided project management, project consultancy, leasing, renovation, refurbishment and maintenance services to various members of Kerry Group Limited and other related parties. The fees are determined on a cost reimbursement basis or with reference to relevant industry practice.
- (c) Kerry Trading Co. Limited ("Kerry Trading"), a fellow subsidiary of the Company, provided administration and management services to certain members of the Group. In consideration for these services, members of the Group paid Kerry Trading a fee, which has been determined on a cost reimbursement basis. In addition, the Company reimbursed rent and related service charges to Kerry Trading for the use of office space, which has been determined on a cost reimbursement basis. Such fees are subject to review on an annual basis.
- (d) This represents payment of services fee to Shangri-La International Hotel Management Limited, a subsidiary of Shangri-La Asia Limited, a related company of the Group, which provided marketing, consultancy and administrative management services to a member of the Group. The service fees payable during the year were determined at either a fixed amount or a certain percentage of the gross operating revenue of the relevant company in accordance with the agreement for the provision of the above services.
- (e) This represents payment of insurance premiums at market rates to Jerneh Insurance (HK) Limited and Taishan Insurance Brokers Limited, related companies of the Group.

31. COMMITMENTS

- (a) At 31 December 2001, the Group had capital commitments in respect of committed investments and construction in progress not provided for in these accounts as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Contracted but not provided for	355,598	994,250

- (b) At 31 December 2001, the Group had future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Within one year	10,389	10,389
In the second to fifth year, inclusive	23,403	33,792
	33,792	44,181

- (c) At 31 December 2001, the Group had future aggregate minimum lease rental receivable under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2001	2000
	HK\$'000	HK\$'000
Within one year	647,088	708,340
In the second to fifth year, inclusive	429,118	457,532
Over five years	653,823	684,759
	1,730,029	1,850,631

31. COMMITMENTS (CONTINUED)

- (d) The Group has entered into a joint development agreement for the redevelopment of a site at Tuen Mun. Pursuant to the agreement, the Group is committed to pay HK\$48,000,000 (2000: HK\$48,000,000) as fitting out and relocation payment. The Group is further committed to make additional payments, totalling between HK\$100,000,000 and HK\$460,000,000 (2000: between HK\$100,000,000 and HK\$460,000,000) for the redevelopment project.
- (e) As at 31 December 2001, the Group had interest rate swap contracts with principal sums of HK\$4,540,000,000 (2000: nil). The duration of these contracts ranged from 1 to 3 years at fixed rates of 2.510% to 3.935%.

32. CONTINGENT LIABILITIES
(a) Banking facilities

	Group		Company	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Guarantees for banking and other facilities of certain subsidiaries, associated companies and investee companies (notes (i) and (ii))	1,038,259	1,927,994	2,573,677	3,275,821
Guarantees to certain banks for mortgage facilities granted to first buyers of certain properties in the PRC (note (iii))	150,914	97,127	58,035	44,221
	<u>1,189,173</u>	<u>2,025,121</u>	<u>2,631,712</u>	<u>3,320,042</u>

- (i) The Group has executed guarantees for banking and other facilities granted to certain associated companies and investee companies. The utilised amount of such facilities covered by the Group's guarantees which also represented the financial exposure of the Group at the balance sheet date amounted to approximately HK\$1,038,259,000 (2000: HK\$1,927,994,000). The total amount of such facilities covered by the Group's guarantees amounted to approximately HK\$1,214,495,000 (2000: HK\$2,223,294,000).
- (ii) The Company has executed guarantees to banks for facilities granted to certain subsidiaries, associated companies and investee companies. The utilised amount of such facilities covered by the Company's guarantees which also represented the financial exposure of the Company at the balance sheet date amounted to approximately HK\$2,573,677,000 (2000: HK\$3,275,821,000). The total amount of such facilities covered by the Company's guarantees amounted to approximately HK\$3,270,653,000 (2000: HK\$4,340,354,000).
- (iii) The Group and the Company have executed guarantees to certain banks for mortgage facilities granted to first buyers of certain properties in the PRC. The utilised amount of such facilities covered by the Group's and the Company's guarantees which also represented the financial exposure of the Group and the Company at the balance sheet date amounted to approximately HK\$150,914,000 (2000: HK\$97,127,000) and HK\$58,035,000 (2000: HK\$44,221,000), respectively. The total amount of such facilities covered by the Group's and the Company's guarantees amounted to approximately HK\$569,217,000 (2000: HK\$557,613,000) and HK\$223,347,000 (2000: HK\$258,469,000), respectively.

32. CONTINGENT LIABILITIES (CONTINUED)

(b) Guarantees and undertakings

- (i) The Company had provided an unconditional guarantee to the holders of the Bonds for the payment of all sums due under the Trust Deed and the Bonds (note 27(c)).
- (ii) A wholly-owned subsidiary, through its associated company, has a 20% interest in a company which is engaged in the development of a site in the Olympic Mass Transit Railway Station Development. Another wholly-owned subsidiary, through its associated company, has a 32.5% interest in another company which is engaged in the development of an adjacent site. The companies developing the sites (the "Developers") were each granted exclusive rights to develop the relevant sites pursuant to separate development agreements (the "Development Agreements") entered into by each of the Developers and the MTR Corporation Limited (the "MTRC").

Pursuant to two deeds of guarantee in relation to each of the above developments, the Company has provided several guarantees in favour of the MTRC for the due and punctual performance and observance by each of the Developers of 20% and 32.5%, respectively, of the Developer's obligations, liabilities, stipulations, acts and duties under or in connection with the respective Development Agreements and the due and punctual payment of 20% and 32.5%, respectively, of all monies and liabilities due, owing or payable to the MTRC from or by each of the Developers under or in connection with the respective Development Agreements.

In consideration of the MTRC entering into and agreeing to the terms of the sale and purchase agreement (the "S & P Agreement") and certain trust arrangements (the "Trust Arrangements") in relation to the sale of an office development developed by the Developer in which the Group has a 20% interest, the Company has agreed to provide several guarantees and indemnities to indemnify the MTRC against 20% of all claims, demands, cost, damages, losses, expenses and/or liabilities which the MTRC may incur or suffer and which are in any way connected with or result from the entering into and/or the observance and/or performance of the S & P Agreement and/or the carrying out by the MTRC of the Trust Arrangements. The Company has also guaranteed the payment on demand of 20% of the full amount of such costs, losses, expenses or liabilities.

- (iii) The Company has executed cost overrun funding deeds in favour of certain banks which have provided construction loan facilities to the Group. Under these deeds, the Company had agreed to pay its share of any cost overruns in respect of the development projects being undertaken by the Group.
- (iv) The Group has a 15% effective interest in Western Harbour Tunnel Company Limited ("WHTCL") which acquired a 30-year franchise from the Government of the Hong Kong Special Administrative Region (the "Government") to build and operate the Western Harbour Crossing (the "Crossing"). Pursuant to a deed of guarantee dated 2 September 1993 as amended by a deed of novation dated 27 June 1995, a second deed of novation dated 12 October 1998 and a third deed of novation dated 30 May 2000 (the "Guarantee"), the Company together with the other beneficial shareholders of WHTCL have jointly and severally undertaken to the Government that if the aggregate of all costs incurred by WHTCL up to the operating date of the Crossing and all maintenance and repair costs incurred by WHTCL after the operating date of the Crossing but before the issuance of the maintenance certificate exceeds HK\$7,534,000,000 then they will pay to WHTCL such excess amount.

Pursuant to a shareholders agreement dated 30 December 1992 as amended by a cross-indemnity deed dated 20 December 1993, a supplemental deed dated 8 September 1994, a second supplemental deed dated 12 October 1998 and a third supplemental deed dated 23 May 2000 in respect of WHTCL, the Company together with the other beneficial shareholders have agreed that in relation to any claim made or asserted under the Guarantee, as between themselves, the total of all liabilities in respect of such claim and of all costs, charges and expenses suffered or incurred by any of them resulting therefrom or attributable thereto shall be shared by them in proportion to their respective ultimate ownership of the issued capital of WHTCL.

33. PLEDGE OF ASSETS – GROUP

- (a) At 31 December 2001, the Group's total bank loans of HK\$7,646,555,000 (2000: HK\$8,929,496,000) included an aggregate amount of HK\$5,569,900,000 (2000: HK\$7,045,763,000) which is unsecured and an aggregate amount of HK\$2,076,655,000 (2000: HK\$1,883,733,000) which is secured by the following:
- (i) legal charges over certain fixed assets (note 12) and certain properties under development for sale (note 17);
 - (ii) charges on all assets, including bank balances amounting to HK\$168,872,000 (2000: HK\$149,238,000), of certain subsidiaries. Such bank balances can be used for payment of construction and other operating costs or for repayment of outstanding bank loans of the respective subsidiaries;
 - (iii) assignments of sale proceeds, insurance proceeds, rental income and deposits arising from the tenancy agreements of certain properties;
 - (iv) mortgages over the issued shares of certain subsidiaries;
 - (v) assignments and subordinations of shareholders' loans of certain subsidiaries; and
 - (vi) corporate guarantees from the Company and the respective parent companies of the shareholders of certain subsidiaries.
- (b) At 31 December 2001, the Group's shares in certain associated companies were pledged to banks for loan facilities granted to the aforesaid associated companies.

34. ULTIMATE HOLDING COMPANY

The directors regard Kerry Group Limited, a company incorporated in the Cook Islands, as being the ultimate holding company.

35. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 4 March 2002.

36. GROUP STRUCTURE – SUBSIDIARIES

At 31 December 2001, the Company held interests in the following subsidiaries:

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Aberporth Resources Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Able Plus Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
α Amble Aim Sdn. Bhd.	Malaysia	Investment holding	RM2	–	100%
Ansellman Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Architectural Design and Management Services Limited	Hong Kong	Provision of architectural services	HK\$2	–	100%
Auto Plaza Limited	Hong Kong	Investment holding, property investment and carpark operation	Ordinary HK\$4,998 Non-voting deferred HK\$2	–	100%
Balkis Limited	British Virgin Islands	Investment holding	US\$10,000	–	100%
Baron Development Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Barriedale Limited	British Virgin Islands	Investment holding	US\$10,000	–	100%
Barrowdale Limited	British Virgin Islands	Investment holding	US\$1,000	–	100%
Beaverton Limited	British Virgin Islands	Investment holding	US\$1	–	100%
* Beihai Kerry Property Development Ltd.	The People's Republic of China	Property ownership	RMB1,708,616	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
† Beijing Jia Ao Real Estate Development Co., Ltd.	The People's Republic of China	Property investment	US\$77,967,600	–	71.25%
† Beijing Kerry Centre Hotel Co., Ltd.	The People's Republic of China	Hotel ownership	US\$33,000,000	–	71.25%
^* Beijing Kerry Datalinks Limited	The People's Republic of China	Operation of internet data centre	US\$2,100,000	–	100%
Belminton Inc.	British Virgin Islands	Investment holding	US\$1,000	–	100%
Bethan Company Limited	Hong Kong	Investment holding	HK\$2	–	100%
Big Sky Resources Limited	British Virgin Islands	Investment holding	US\$100	–	100%
Brinkworth Assets Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Burgo Inc	British Virgin Islands	Dormant	US\$1,000	–	100%
Busyhigh Limited	Samoa	Investment holding	HK\$1	–	100%
Calistock Limited	British Virgin Islands	Investment holding in Hong Kong	US\$1	–	100%
Capabletech Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Catren Company Limited	Hong Kong	Carpark holding	Voting class "A" HK\$9,998 Non-voting class "B" HK\$2	–	60%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
* Charlicks New Guinea Ltd.	Papua New Guinea	Dormant	PGK54,000	–	99.99%
Chipelli Investments Limited	Hong Kong	Property investment	HK\$100,000	–	80%
Clavering Services Limited	British Virgin Islands	Investment holding in Hong Kong	US\$1,000	–	100%
Close Encounters Limited	British Virgin Islands	Investment holding	HK\$10,000	–	100%
Comphor Company Limited	British Virgin Islands	Investment holding	US\$10	–	100%
Cremorne Investments Limited	British Virgin Islands	Investment holding	US\$100	–	100%
Darcey Investments Limited	British Virgin Islands	Investment holding	US\$100	–	100%
Dec Limited	British Virgin Islands	Investment holding	US\$10,000	–	100%
Denleigh Limited	British Virgin Islands	Investment holding	US\$1	–	60%
Denver Rose Investments Limited	British Virgin Islands	Investment holding in Hong Kong	US\$1	–	100%
Errol Company Ltd.	British Virgin Islands	Investment holding	US\$1	–	100%
Ever Asset Group Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Fair Page Limited	Hong Kong	Property investment	HK\$2	–	100%
Flopina Company Limited (now known as Kildare Limited)	Hong Kong	Property trading	HK\$2	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Garden Streams Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Goldash Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Golden Explorer Group Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Harvard Developments Limited	British Virgin Islands	Investment holding	US\$12	–	75%
Hong Kong Shanghai Development Co Ltd.	Samoa	Investment holding	HK\$8,000,000	–	55%
<i>ibe</i> -Datalinks (Beijing) Limited	Samoa	Investment holding	HK\$1	–	100%
<i>ibe</i> -Datalinks (China) Limited	British Virgin Islands	Investment holding	HK\$1	–	100%
<i>ibe</i> -Datalinks (H.K.) Limited	Hong Kong	Dormant	HK\$2	–	100%
<i>ibe</i> -Datalinks Limited	British Virgin Islands	Investment holding	HK\$1	–	100%
<i>ibe</i> -Datalinks Management Limited	Hong Kong	Dormant	HK\$2	–	100%
<i>ibe</i> -Tech (BVI) Limited	British Virgin Islands	Investment holding	US\$1	–	100%
<i>ibe</i> -Tech Investments Limited	British Virgin Islands	Investment holding	US\$1	100%	–
<i>ibe</i> -Tech Limited	Hong Kong	Dormant	HK\$2	–	100%
ISA Investments Limited	British Virgin Islands	Investment holding	US\$1	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Illergold Limited	Hong Kong	Property investment	Ordinary HK\$10 Non-voting deferred HK\$30,000	–	100%
Intelligain Investments Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Intellocean Investments Limited	British Virgin Islands	Investment holding	US\$1	–	100%
International Enterprise Co. Limited	Hong Kong	Investment holding	Ordinary HK\$10 Non-voting deferred HK\$10,000	–	100%
Interseed Company Limited	Hong Kong	Property trading	HK\$2	–	100%
Invergarry Limited	Hong Kong	Dormant	HK\$2	–	100%
Irrewarra Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Julesburg Limited	Hong Kong	Property investment	Ordinary HK\$100 Non-voting deferred HK\$1,000	–	100%
Julian Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
KLN Container Line Limited	British Virgin Islands	Freight forwarding business	HK\$1,200,000	–	100%
Kanya Corp.	British Virgin Islands	Investment holding	US\$1,000	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Kenney Transport International Limited	Hong Kong	Dormant	HK\$1,433,300	–	100%
Kerry BCI Cold Store (Kwai Chung) Limited	Hong Kong	Warehouse ownership	HK\$10,000	–	60%
Kerry BCI Cold Store (Tsuen Wan) Limited	British Virgin Islands	Warehouse ownership in Hong Kong	US\$1	–	60%
Kerry BCI Warehouse (Tsuen Wan) Limited	British Virgin Islands	Warehouse ownership in Hong Kong	US\$1	–	60%
Kerry BCI Warehouse Holdings Limited	British Virgin Islands	Investment holding	HK\$10,000,000	–	60%
Kerry BCI Warehouse Limited	Hong Kong	Warehouse operation	HK\$20	–	60%
Kerry Beijing (Guang Hua) Ltd	Samoa	Investment holding	HK\$1,000,000	–	75%
Kerry Beijing (Shibalidian) Development Ltd. (formerly known as Kerry Beijing (Jian Hua) Ltd.)	Samoa	Investment holding	HK\$1	–	100%
^Δ Kerry Cao Jia Yan Properties (Shanghai) Co., Ltd.	The People's Republic of China	Property development	US\$13,400,000	–	100%
Kerry Cargo Centre Limited	Hong Kong	Warehouse ownership and operation	HK\$2	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
^{^*} Kerry Centre Real Estate (Shenzhen) Ltd. (formerly known as Shenzhen Kerry Centre Real Estate Ltd.)	The People's Republic of China	Property investment	HK\$142,000,000	–	100%
Kerry Chemquest Investments Ltd.	British Virgin Islands	Investment holding	US\$1,000	–	100%
Kerry D.G. Warehouse (Kowloon Bay) Limited	Hong Kong	Warehouse ownership	HK\$20,000,000	–	100%
^Δ Kerry Development (Shanghai) Co., Ltd.	The People's Republic of China	Property development	US\$40,000,000	–	100%
Kerry Distribution (Hong Kong) Limited	Hong Kong	Provision of transportation services	HK\$500,000	–	100%
Kerry Estate Management Limited	British Virgin Islands	Investment holding	HK\$10,000	100%	–
Kerry Facilities Management (Hong Kong) Limited	Hong Kong	Building management	HK\$2	–	100%
[®] Kerry Freight (Australia) Pty Ltd	Australia	Dormant	A\$2	–	100%
Kerry Freight (Hong Kong) Limited (formerly known as Kerry R&B Forwarding Limited)	Hong Kong	Freight forwarding business	Ordinary HK\$10,000 Non-voting deferred HK\$2,750,000	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
* Kerry Freight (Korea) Inc.	Korea	Freight forwarding	Won500,000,000	–	50.999%
* Kerry Freight (Thailand) Limited	Thailand	Freight forwarding	65,000 ordinary shares of Baht 100 each	–	49%#
* Kerry Freight (USA) Inc.	Delaware, U.S.A.	Freight forwarding	US\$1	–	100%
Kerry Freight International Limited	Hong Kong	Freight forwarding	HK\$2	–	100%
Kerry Freight Services (HKSAR) Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Kerry Freight Services (Korea) Limited	British Virgin Islands	Investment holding	HK\$1	–	100%
Kerry Freight Services (Philippines) Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Kerry Freight Services (Thailand) Limited	British Virgin Islands	Investment holding	HK\$1	–	100%
Kerry Freight Services (U.K.) Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Kerry Freight Services (USA) Limited	British Virgin Islands	Investment holding	HK\$1	–	100%
Kerry Freight Services Limited	British Virgin Islands	Investment holding	HK\$1	–	100%
Kerry Fuzhou (Gutian) Ltd.	Samoa	Investment holding	HK\$6,000,000	–	100%
Kerry Guangxi (Beihai) Ltd	Samoa	Investment holding	HK\$1,500,000	–	100%
Kerry Infrastructure (China) Limited	British Virgin Islands	Investment holding	HK\$10,000	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Kerry Infrastructure Limited	British Virgin Islands	Investment holding	HK\$595,026,381	100%	–
[®] Kerry Logistics (Australia) Pty Ltd	Australia	Transport, freight and logistics services	A\$2,000,000	–	100%
Kerry Logistics (Beijing) Ltd.	Samoa	Investment holding	US\$1	–	100%
Kerry Logistics (China) Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Kerry Logistics (HKSAR) Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Kerry Logistics (Hong Kong) Limited	Hong Kong	Provision of logistics services	HK\$10,000,000	–	100%
^{^*} Kerry Logistics (Korea) Inc.	Korea	Provision of logistics services	Won100,000,000	–	100%
Kerry Logistics (Shanghai) Ltd.	Samoa	Investment holding	HK\$1	–	100%
^{^*} Kerry Logistics (Shanghai Waigaoqiao) Ltd.	The People's Republic of China	Operation of logistics business	HK\$1,600,000	–	100%
Kerry Logistics (Shenzhen Yantian) Ltd.	Samoa	Investment holding	HK\$1	–	100%
^{^*} Kerry Logistics (Thailand) Limited	Thailand	Investment holding	100,000 ordinary shares of Baht 100 each	–	60%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Kerry Logistics (Tianjin) Investments Ltd. (formerly known as Kerry Logistics (Tianjin) Ltd. and before that as Kerry-ChemQuest (Benxi) Water Co., Ltd.)	Samoa	Dormant	HK\$10,000	–	100%
Kerry Logistics (Waigaoqiao) Ltd.	Samoa	Investment holding	HK\$1	–	100%
® Kerry Logistics Holdings (Australia) Pty Ltd	Australia	Investment holding	A\$100	–	100%
Kerry Logistics Limited	British Virgin Islands	Investment holding	HK\$42,430,000	–	100%
Kerry Logistics Network Limited	Bermuda	Investment holding	HK\$500,000	100%	–
Kerry Logistics Services (Australia) Limited	British Virgin Islands	Investment holding	HK\$1	–	100%
Kerry Logistics Services (Korea) Limited	British Virgin Islands	Investment holding	HK\$1	–	100%
Kerry Logistics Services (Thailand) Limited	British Virgin Islands	Investment holding	HK\$1	–	100%
Kerry Logistics Services Limited	British Virgin Islands	Investment holding	US\$2	–	100%
Kerry Overseas Project Management Limited (Jia Li Hai Wai Xiang Mu Guan Li Limited)	Liberia	Project management in Asia	US\$100	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Kerry Project Management (H.K.) Limited	Hong Kong	Project management	HK\$300,000	–	100%
Kerry Project Management Limited	Liberia	Project management in Asia	US\$1	–	100%
Kerry Project Services Limited	Hong Kong	Project management	HK\$2	–	100%
Kerry Properties (Australia) Limited	British Virgin Islands	Investment holding	HK\$1	–	100%
Kerry Properties (China) Limited	British Virgin Islands	Investment holding	HK\$4,554,642,958	100%	–
Kerry Properties (H.K.) Limited	Hong Kong	Investment holding	Ordinary HK\$1,000 Non-voting deferred HK\$200,000,000	–	100%
Kerry Properties (Hong Kong) Limited	British Virgin Islands	Investment holding	HK\$413,179	100%	–
Kerry Properties (Philippines) Limited	British Virgin Islands	Investment holding	US\$1	–	100%
[^] * Kerry Properties (Shenzhen) Co., Ltd.	The People's Republic of China	Property development	US\$14,400,000	–	100%
[@] Kerry Properties (Sydney) Pty Ltd	Australia	Investment holding	A\$1	–	100%
Kerry Properties Capital Limited	British Virgin Islands	Group financing in Hong Kong	US\$10,000/ (US\$197,180,000)	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
^Δ Kerry Properties Development Management (Shanghai) Co., Ltd.	The People's Republic of China	Real estate management	US\$350,000	–	100%
Kerry Properties Finance Limited	British Virgin Islands	Dormant	US\$10,000	–	100%
Kerry Properties International Limited	British Virgin Islands	Investment holding	HK\$1	100%	–
Kerry Properties Investments Limited	British Virgin Islands	Investment	US\$1	–	100%
Kerry Properties Nominees Limited	British Virgin Islands	Provision of nominee services	HK\$1,000	–	100%
Kerry Properties Shenzhen Kerry Centre Limited (formerly known as Top Spring Property (Holdings) Company Limited)	Hong Kong	Investment holding	HK\$5,000,000	–	100%
Kerry Properties Treasury Limited	British Virgin Islands	Investment holding and group financing	HK\$4,670,665,187	100%	–
Kerry Property Management Services Limited	Hong Kong	Property management	HK\$20	–	100%
Kerry Real Estate Agency Limited	Hong Kong	Estate agency	HK\$2	–	100%
^Δ Kerry Real Estate Development (Suzhou) Co., Ltd.	The People's Republic of China	Investment holding	RMB23,000,000	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Kerry Real Estate Services (Shanghai) Ltd. (formerly known as Kerry Real Estate Services (Shanghai/Shenzhen) Ltd)	Samoa	Investment holding	HK\$1	–	100%
Kerry Real Estate Services (Shenzhen) Ltd.	Samoa	Dormant	HK\$1	–	100%
Kerry Shanghai (Anyi) Ltd. (formerly known as Kerry Properties (Shenzhen Futian) Ltd.)	Samoa	Dormant	HK\$1	–	100%
Kerry Shanghai (Cao Jia Yan) Ltd.	Samoa	Investment holding	US\$2	–	100%
Kerry Shanghai (Hongkou) Ltd.	Samoa	Investment holding	HK\$6,000,000	–	60%
Kerry Shanghai (Jingan Beili) Ltd	Samoa	Investment holding	HK\$1,000,000	–	75%
Kerry Shanghai Development Ltd	Samoa	Investment holding	HK\$1,000,000	–	100%
Kerry Suzhou (Gucheng) Ltd	Samoa	Investment holding	HK\$1,000,000	–	100%
Kerry Warehouse (Chai Wan) Limited	Hong Kong	Warehouse ownership	HK\$10,000,000	–	100%
Kerry Warehouse (Fanling 1) Limited	Hong Kong	Warehouse ownership	HK\$2	–	100%
Kerry Warehouse (Fanling 2) Limited	Hong Kong	Warehouse ownership	HK\$2	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Kerry Warehouse (HKSAR) Limited	British Virgin Islands	Investment holding	HK\$1	–	100%
Kerry Warehouse (Hong Kong) Limited	Hong Kong	Warehouse operation	HK\$25,000,000	–	100%
Kerry Warehouse (Kwai Chung) Limited	Hong Kong	Warehouse ownership	HK\$30,000	–	100%
Kerry Warehouse (Shatin) Limited	Hong Kong	Warehouse ownership	HK\$10,000,000	–	100%
Kerry Warehouse (Sheung Shui) Limited	Hong Kong	Warehouse ownership	HK\$5,000,000	–	100%
Kerry Warehouse (Tsuen Wan) Limited	Hong Kong	Warehouse ownership	HK\$2	–	100%
Kerry Warehouse (Yuen Long 1) Limited	Hong Kong	Warehouse ownership	HK\$2	–	100%
Kerry Warehouse (Yuen Long 2) Limited	Hong Kong	Dormant	HK\$2	–	100%
Kerry Warehouse Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Kimberley Inc.	British Virgin Islands	Investment holding	US\$1,000	–	100%
La Corte Investments Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Licotar Company Limited	Hong Kong	Dormant	HK\$2	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
LINC Group Holdings Limited	Hong Kong	Dormant	HK\$20	–	100%
^{^*} Logistics (Thailand) Limited	Thailand	Investment holding	4,900 ordinary shares of Baht 10 each 5,100 preference shares of Baht 10 each	–	49% [#]
Longstone Holdings Limited	British Virgin Islands	Investment holding	US\$100	–	100%
Lynart Group Limited	British Virgin Islands	Investment holding	HK\$10,000	–	100%
Mable Road Company Limited	Hong Kong	Property investment	Ordinary HK\$10 Non-voting deferred HK\$10,000	–	100%
Madigan Company Limited	Hong Kong	Property trading	HK\$2	–	100%
Magnifair Company Limited	Hong Kong	Dormant	HK\$10,000	–	100%
Mainco Management Limited	Hong Kong	Building management	HK\$10,000	–	60%
Malbridge Development Limited	Hong Kong	Dormant	HK\$100	–	100%
Maple Crest Development Limited	British Virgin Islands	Investment holding and property development in Hong Kong	US\$120	–	75%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Marrakesh Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Mazlo Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Merlin Limited	Samoa	Investment holding in the People's Republic of China	HK\$1,000,000	–	100%
Mid-Levels Portfolio (Aigburth) Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Mid-Levels Portfolio (Aigburth) Limited	Cook Islands	Property investment in Hong Kong	US\$9	–	100%
Mid-Levels Portfolio (Branksome) Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Mid-Levels Portfolio (Branksome) Limited	Hong Kong	Property investment	HK\$1,000	–	100%
Mid-Levels Portfolio (Century Tower I) Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Mid-Levels Portfolio (Century Tower II) Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Mid-Levels Portfolio (Century Tower II) Limited	Hong Kong	Dormant	HK\$100	–	100%
Mid-Levels Portfolio (Gladdon) Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Mid-Levels Portfolio (Gladdon) Limited	Hong Kong	Property investment	HK\$1,000	–	100%
Mid-Levels Portfolio (May Tower I) Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Mid-Levels Portfolio (May Tower I) Limited	Hong Kong	Dormant	HK\$100	–	100%
Mid-Levels Portfolio (May Tower II) Holdings Limited	British Virgin Islands	Dormant	US\$1	–	100%
Mid-Levels Portfolio (Tavistock) Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Mid-Levels Portfolio (Tavistock) Limited	Hong Kong	Property investment	HK\$1,000	–	100%
Mid-Levels Portfolio (Tregunter Towers 1 & 2) Holdings Limited	British Virgin Islands	Investment holding	US\$100	–	100%
Mid-Levels Portfolio (Tregunter Towers 1 & 2) Limited	British Virgin Islands	Property investment in Hong Kong	US\$1	–	100%
Mid-Levels Portfolio (Valverde) Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Mid-Levels Portfolio (Valverde) Limited	Hong Kong	Property investment and trading	HK\$1,000	–	100%
Mid-Levels Portfolio Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Mighty Gold Investments Limited	British Virgin Islands	Investment holding	US\$1	–	100%
NMC 6 Limited	British Virgin Islands	Property investment in Hong Kong	Ordinary US\$1	–	100%
NMC 7 Limited	British Virgin Islands	Property investment in Hong Kong	Ordinary US\$1	–	100%
NMC 8 Limited	British Virgin Islands	Property investment in Hong Kong	Ordinary US\$1	–	100%
NMC 9 Limited	British Virgin Islands	Property investment in Hong Kong	Ordinary US\$1	–	100%
Nettlefold Limited	British Virgin Islands	Investment holding	US\$10,000	–	100%
Newtonmore Investments Limited (formerly known as ibe-Datalinks (Hong Kong) Limited)	British Virgin Islands	Dormant	HK\$1	–	100%
Nite Lites Limited	British Virgin Islands	Investment holding	HK\$10,000	–	100%
Norbiton Group Limited	British Virgin Islands	Investment holding	HK\$10,000	–	100%
Norminster Limited	Hong Kong	Investment holding	HK\$1,000	–	100%
Norwarth Investments Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Ocean City Investments Limited	British Virgin Islands	Dormant	US\$1	–	100%
Ocean Rocket Assets Limited	British Virgin Islands	Dormant	US\$1	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Olsen Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Omisoka Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Pacific Worth Group Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Pembroke Development Investments Limited	British Virgin Islands	Investment holding in Hong Kong	HK\$10,000	–	100%
Pettico Limited	Hong Kong	Provision of finance services	HK\$20	–	100%
Pola Company Limited	British Virgin Islands	Investment holding	US\$1,000	–	100%
Ponnelle Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Port Destiny Limited	Hong Kong	Property trading	HK\$2	–	100%
Powerful Might Investments Limited	Hong Kong	Dormant	HK\$2	–	100%
Princeton Investment Company Limited	Hong Kong	Property ownership	HK\$2	–	100%
Prismatic Limited	Hong Kong	Property ownership	HK\$20	–	100%
Quintoll Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Rayhay Company Limited	Hong Kong	Dormant	HK\$2	–	100%
Renmark Limited	British Virgin Islands	Investment holding	US\$1	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Rhosilli Company Limited	Hong Kong	Dormant	HK\$2	–	100%
Rightful Investments Limited	British Virgin Islands	Investment holding	US\$1	–	100%
* Risenland Development (Fuzhou) Co., Ltd.	The People's Republic of China	Property development	HK\$44,000,000	–	100%
Riverfield Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Rodder Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Roving Spirit Limited	British Virgin Islands	Investment holding	HK\$10,000	–	100%
Sageman Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Scene View Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Seams Company Limited	Hong Kong	Dormant	HK\$2	–	100%
Sedan Chair Limited	British Virgin Islands	Investment holding	HK\$10,000	–	100%
Senworld Investment Limited	Hong Kong	Property investment	HK\$2	–	100%
Shabu Inc.	British Virgin Islands	Investment holding	US\$1	–	100%
^Δ Shanghai Gang Hu Properties Co., Ltd.	The People's Republic of China	Property investment and development	US\$155,300,000	–	54.45%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
^Δ Shanghai Kerry Real Estate Development Co., Ltd.	The People's Republic of China	Property investment	US\$12,000,000	–	55.20%
^Δ Shanghai Xin Ci Hou Properties Co., Ltd.	The People's Republic of China	Property investment	US\$60,000,000	–	74.25%
^{^*} Shenzhen Kerry Yantian Port Logistics Company Limited	The People's Republic of China	Logistics centre development	–	–	55%
Shine Concept Investments Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Siemens Holdings Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Silverstone Assets Limited	British Virgin Islands	Investment holding in Hong Kong	US\$100,000	–	100%
Sky Wealth Investments Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Sophonica International Corp.	British Virgin Islands	Investment holding	US\$1	–	100%
Southwark Profits Limited	British Virgin Islands	Investment holding	US\$100	–	100%
Splendid Limited	Samoa	Dormant	HK\$1	–	100%
Spring Champion Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Tellico Investment Limited	Liberia	Investment holding	US\$1	–	100%
Tellson International Limited	British Virgin Islands	Investment holding	US\$1	–	100%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Terowie Holdings Limited	British Virgin Islands	Dormant	HK\$10,000	–	100%
Toccate Company Limited	Hong Kong	Group financing	Ordinary HK\$10 Non-voting deferred HK\$1,000,000	–	100%
Torres Investments Limited	British Virgin Islands	Investment holding	HK\$10,000	–	100%
β Travel Aim Investment B.V.	Netherlands	Investment holding	NLG40,000	–	100%
Trebanos Investment Company Limited	Hong Kong	Property investment	HK\$2	–	100%
Twindale Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Ubagan Limited	Hong Kong	Dormant	HK\$10,000	–	100%
Upsmart Investments Limited	Hong Kong	Lease holding	HK\$2	–	100%
Vestavia Limited	Hong Kong	Dormant	HK\$20	–	100%
Viola Developments Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Washers Limited	British Virgin Islands	Investment holding	HK\$10,000	–	100%
Win House Industries Limited	Hong Kong	Provision of construction work	HK\$1,000,000	–	100%
Win House/Kai Tai (Joint Venture) Company Limited	Hong Kong	Provision of construction work	HK\$100	–	75%

36. GROUP STRUCTURE – SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of issued capital/ registered capital/ (debt securities)	Interest held	
				Direct	Indirect
Wing Tak Cheung Limited	Hong Kong	Dormant	HK\$10,000	–	100%
Wing Tsing Financial Services Limited	British Virgin Islands	Group financing in Hong Kong	US\$1	–	100%
Wirabay Limited	British Virgin Islands	Provision of trustee services	US\$1	–	100%
Wiseside Investment Company Limited	Hong Kong	Dormant	HK\$2	–	75%
Woody Company Limited	Hong Kong	Property investment	HK\$2	–	100%
Wymer Limited	British Virgin Islands	Investment holding	US\$5,000	–	100%
Yanawa Limited	British Virgin Islands	Investment holding	US\$1	–	100%
Ying He Company Limited	Hong Kong	Investment holding	Ordinary HK\$10 Non-voting deferred HK\$21,000,000	–	100%
Zinnerman Limited	British Virgin Islands	Investment holding	US\$1	–	100%

* Companies not audited by PricewaterhouseCoopers, Hong Kong

α Company audited by PricewaterhouseCoopers, Malaysia

Δ Companies audited by PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd., PRC

† Companies audited by PricewaterhouseCoopers Zhang Chen CPAs., PRC

@ Companies audited by PricewaterhouseCoopers, Australia

β Company audited by PricewaterhouseCoopers, Netherlands

^ English translation of name only

deemed subsidiary

37. GROUP STRUCTURE – ASSOCIATED COMPANIES

At 31 December 2001, the Company held interests in the following associated companies:

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of class of issued shares/ registered capital	Interest held indirectly
Adwood Company Limited	Hong Kong	Investment holding	10 shares of HK\$10 each	30%
* Ariel Investments Limited	Hong Kong	Investment holding	1,000,000 shares of HK\$1 each	45%
Asia Airfreight Terminal Company Limited	Hong Kong	Air cargo handling terminal operation	360,000,000 shares of HK\$1 each	15%
Bay Tower Properties Limited	British Virgin Islands	Investment holding	1,000 shares of US\$1 each	33.33%
^* Beijing BHL Logistics Limited	The People's Republic of China	Provision of logistics services	US\$1,500,000	20%
* Benefit Bright (B.V.I.) Limited	British Virgin Islands	Investment holding in Hong Kong	1,000 shares of US\$1 each	32.50%
* Benefit Bright Limited	Hong Kong	Investment holding and property development	2 shares of HK\$1 each	32.50%
Brisbane Trading Company Limited	Hong Kong	Property development	100,000 ordinary shares of HK\$10 each 108,376,196 non-voting deferred shares of HK\$1 each	50%
* Capital Fun Limited	Hong Kong	Provision of nominee services	2 shares of HK\$1 each	20%
* Cardiff Investments Limited	Hong Kong	Investment holding	100,000 shares of HK\$1 each	30%
* Cavalcade Holdings Limited	British Virgin Islands	Investment holding	100 shares of US\$1 each	45%
Cheerjoy Development Limited	Hong Kong	Property development	2 shares of HK\$1 each	35%

37. GROUP STRUCTURE – ASSOCIATED COMPANIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of class of issued shares/ registered capital	Interest held indirectly
* Chiwan Container Terminal Co., Ltd. (formerly known as Shenzhen Kaifeng Terminal Co., Ltd.)	The People's Republic of China	Port terminal operation	US\$44,000,000	25%
Cushion Company Limited	Hong Kong	Dormant	10,000 shares of HK\$1 each	33.33%
* EDSA Properties Holdings Inc.	Philippines	Property development, investment holding and real estate management	2,684,855,167 shares of Peso 1 each	39.12%
* Enterprico Investment Limited	Hong Kong	Loan financing	100,000 ordinary shares of HK\$1 each	45%
* Harvest Sun (B.V.I.) Limited	British Virgin Islands	Investment holding in Hong Kong	100 shares of US\$1 each	20%
* Harvest Sun Limited	Hong Kong	Investment holding and property development	2 shares of HK\$1 each	20%
Hilaire Inc.	British Virgin Islands	Investment holding	900 shares of US\$1 each	33.33%
Hong Kong International Logistics Centre Limited	Hong Kong	Dormant	10 shares of HK\$1 each	30%
Hong Kong Tunnels and Highways Management Company Limited	Hong Kong	Tunnel management	1,000,000 shares of HK\$1 each	15%
* Jacksons Landing Development Pty Limited	Australia	Property development	400 ordinary shares of A\$1 each	25%
* Jacksons Landing Estate Management Pty Limited	Australia	Property management	10 ordinary shares of A\$1 each	25%

37. GROUP STRUCTURE – ASSOCIATED COMPANIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of class of issued shares/ registered capital	Interest held indirectly
^* Kerry BHL Logistics Limited	The People's Republic of China	Provision of logistics services	US\$1,800,000	50%
* Kerry Hung Kai Warehouse (Cheung Sha Wan) Limited	Hong Kong	Warehouse operation	5,000,000 shares of HK\$1 each	50%
* Kosco Limited	British Virgin Islands	Provision of nominee services	1 share of US\$1	32.50%
* KUMM International Co., Ltd.	Samoa	Investment holding	7,000,000 shares of US\$1 each	25%
* Olympian City 1 (Project Management) Limited	Hong Kong	Project management	2 shares of HK\$1 each	20%
* Olympian City 1 Management Company Limited	Hong Kong	Leasing and estate management	2 shares of HK\$1 each	20%
* Olympian City 2 (Project Management) Limited	Hong Kong	Project management	2 shares of HK\$1 each	32.50%
* Olympian City 2 Finance Company Limited	Hong Kong	Provision of finance services	HK\$1,000	38.20%
* Olympian City 2 Management Company Limited	Hong Kong	Leasing and estate management	1,000 shares of HK\$1 each	32.50%
Point Perfect Investments Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	35%

37. GROUP STRUCTURE – ASSOCIATED COMPANIES (CONTINUED)

Name	Place of incorporation/ establishment	Principal activities and place of operation (if different from place of incorporation/ establishment)	Particulars of class of issued shares/ registered capital	Interest held indirectly
~ Shangri-La Plaza Corporation	Philippines	Operation of mall and other related activities	1,471,000,000 preferred shares of Peso 1 each 235,000,000 common shares of Peso 1 each	30.80%
* Tianjin Jialing Union Industries Co., Ltd.	The People's Republic of China	Property holding	US\$6,900,000	25%
Time Rank Limited	Hong Kong	Property investment	2 shares of HK\$1 each	50%
* Top Spring Development (Beijing) Limited	Hong Kong	Investment holding	22,000,000 shares of HK\$1 each	25%
* Twin Luck Worldwide Ltd.	British Virgin Islands	Investment holding	2 shares of US\$1 each	50%
Western Harbour Tunnel Company Limited	Hong Kong	Tunnel operation and management	40,000,000 shares of HK\$10 each	15%
* Win Chanford Enterprises Limited	Hong Kong	Property investment	1,000,000 ordinary shares of HK\$1 each	45%
* Wolver Hollow Company Limited	Hong Kong	Warehouse ownership	10,000 shares of HK\$1 each	50%
* Wu Wing International Company, Limited	Hong Kong	Property investment	30,000,000 shares of HK\$1 each	45%

* Companies not audited by PricewaterhouseCoopers, Hong Kong

~ Companies audited by Joaquin Cunanan & Co., Philippines, a member firm of PricewaterhouseCoopers

^ English translation of name only