

1. GENERAL

The Company is a company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited.

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are property development, property investment, hotel and restaurant operation, trading of building materials, share investment, provision of management and maintenance services, property management and insurance agency.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE/CHANGES IN ACCOUNTING POLICIES

In current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practice (SSAPs) issued by the Hong Kong Society of Accountants. Adoption of these SSAPs does not have any significant effect on current or prior period's financial statements except for the following SSAPs:

SSAP 9 (Revised)	Events after the Balance Sheet Date
SSAP 14 (Revised)	Leases
SSAP 26	Segment Reporting
SSAP 28	Provisions, Contingent Liabilities and Contingent Assets
SSAP 30	Business Combinations

In accordance with SSAP 9 (Revised), dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed in the notes to the financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior period adjustment of an increase in retained profits by approximately \$109,280,000.

The adoption of SSAP 14 (Revised) has not resulted in any significant changes to the accounting treatment adopted for leases and accordingly, no prior period adjustment has been required. Disclosure for the Group's leasing arrangements have been modified so as to comply with the new disclosure requirements of SSAP 14 (Revised). Comparative amounts have been restated to achieve a consistent presentation.

In the current year, the Group has changed the basis of identification of reportable segments to that required by SSAP 26. Segment disclosures for the year ended 31st December 2000 have been amended so that they are presented on a consistent basis.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE/CHANGES IN ACCOUNTING POLICIES (Cont'd)

In previous years, the Company's accounting policy for major repairs and renewals required that an amount be set aside annually to meet the costs of anticipated major refurbishments. Under SSAP 28, provisions overprovided in previous years have been derecognised and credited to the income statement in the current year. There were no significant financial effect in the current and prior years' financial statements.

In the current year, the Group has adopted SSAP 30 and has elected not to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, goodwill arising on acquisitions prior to 1st January 2001 is held in reserves and will be charged to the income statement at the time of disposal of the relevant subsidiary, associate or jointly controlled entity, or at such time as the goodwill is determined to be impaired. Negative goodwill arising on acquisitions prior to 1st January 2001 will be credited to income statement at the time of disposal of the relevant subsidiary, associate or jointly controlled entity.

Goodwill arising on acquisition of subsidiaries after 1st January 2001 is capitalised and amortised over its estimated useful life. Negative goodwill arising on acquisition of subsidiaries after 1st January 2001 is presented as a deduction from non-current assets and will be released to income statement based on an analysis of the circumstances from which the balance resulted.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment and hotel properties and investments in securities and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are set out below:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st December each year.

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

All significant intercompany transactions and balances between group enterprises are eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is capitalised and amortised over its estimated useful life. Negative goodwill, which represents the excess over the purchase consideration of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary, is presented as a deduction from the non-current assets and will be released to income statement based on an analysis of the circumstances from which the balance resulted.

Any premium or discount arising on the acquisition of interests in associates, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associates at the date of acquisition, is dealt with in the interest in associates.

On the disposal of an investment in a subsidiary or an associate, the attributable amount of unamortised goodwill or unreleased negative goodwill is included in the determination of the profit or loss on disposal.

Turnover

Turnover represents the aggregate of gross rental income, income from hotel and restaurant operations, proceeds from sales of building materials, property management and maintenance income and agency commission.

Revenue recognition

Rental income, including rentals invoiced in advance under operating leases, is recognised on a straight-line basis over the terms of the relevant leases.

Hotel operation income is recognised upon the utilisation by guests of the hotel facilities and the provision of services.

Interest income is recognised on a time proportion basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market values based on independent professional valuations at the balance sheet date. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On the disposal of an investment property, the balance on the property revaluation reserve attributable to the property disposed of is credited to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Hotel properties

Hotel properties comprise interests in land and buildings and their integral fixed plants which are collectively used in the operation of hotels and are stated at their open market values based on independent professional valuations at the balance sheet date.

It is the Group's policy to maintain the hotel properties in such condition that their residual value is not currently diminished by the passage of time and that any element of depreciation is insignificant. Therefore, no depreciation charge is recognised in respect of its hotel properties. The related maintenance and repairs expenditure is charged to the income statement in the year in which it is incurred.

Properties under development

Land and buildings in the course of development for sale, rental or administrative purposes or for purposes not yet determined are carried at cost less any provision for impairment loss considered necessary by the Directors. Cost includes land costs, development costs, borrowing costs capitalised and other direct costs attributable to such properties.

Properties under development which are intended to be held for the long term for their investment potential are shown as non-current assets. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Properties under development (Cont'd)

Properties under development which are intended to be held for sale will be treated as properties under development for sale and are shown as current assets.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs capitalised.

All other borrowing costs are expensed in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of the assets over their estimated useful lives, using the straight-line method, at the following rates per annum:

Freehold land	Nil
Leasehold land	Over the term of the lease
Buildings	Over the shorter of the term of the lease, or 50 years
Furniture and fixtures, motor vehicles and plant and machinery	20%

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Other assets

Other assets include convertible bond issuing expenses, licence fees and other arrangement fees.

Convertible bond issuing expenses are amortised on a straight-line basis over the duration of the convertible bonds from the date of issuance to their final redemption date.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Other assets (Cont'd)

Licence fees are amortised on a straight-line basis over the licence period.

Other arrangement fees are amortised on a straight-line basis over the expected lives of the respective assets.

Investments in subsidiaries

A subsidiary is an enterprise controlled by the Company.

Investments in subsidiaries are included in the Company's balance sheet at cost less any identified impairment loss.

Investments in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in its financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates less any identified impairment loss.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

Other investments

Investments in securities are recognised on a trade date basis and are initially measured at cost.

Where securities are held for trading purposes, unrealised gains or losses are included in net profit or loss for the period. Investments in securities acquired other than for trading purposes are stated at fair value at the subsequent reporting dates. Unrealised gains and losses arising on investments acquired other than for trading purposes are dealt with as movements in reserves, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss is included in net profit or loss for the period.

Unlisted investments are accounted for as fixed return investments where the income to be derived from such interests is predetermined in accordance with the provisions of the relevant agreements. Such investments are initially recorded at cost. Payments receivable each year under the relevant agreements are apportioned between income and reduction of the carrying value of the investments so as to give a constant periodic rate of return on the net investment.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the impairment loss is treated as a revaluation decrease under that accounting standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another accounting standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other accounting standard.

Foreign currencies

The accounting records are maintained in Hong Kong dollars.

Transactions in currencies other than Hong Kong dollars are translated at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in such currencies are retranslated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement. Gains and losses arising on the translation of foreign currency borrowings used to finance net investments in overseas operations/subsidiaries are taken directly to reserves.

On consolidation, the financial statements of overseas operations which are denominated in currencies other than the Hong Kong dollar are translated at the rates of exchange ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Convertible bonds

Convertible bonds are stated at the aggregate of the gross proceeds from the issue plus the proportionate premium payable upon redemption. Premium payable on redemption in respect of outstanding convertible bonds is accrued as borrowing costs over the duration of the convertible bonds on a straight-line basis.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or an asset will crystallise in the foreseeable future.

Operating leases

Rentals payable under operating leases are charged to the income statement on a straight-line basis over the terms of the relevant leases.

4. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into three operating divisions. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- | | | |
|------------------|---|---|
| Property leasing | - | rental income from leasing of properties. |
| Hotel operations | - | hotels and furnished apartments operations. |
| Other operations | - | property development, sales of building materials, restaurant operations, provision of property management, maintenance and agency services and provision of insurance agency services. |

4. SEGMENT INFORMATION (Cont'd)

Segment information about these businesses is presented below:

2001

	Property leasing	Hotel operations	Other operations	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
TURNOVER					
External sales	859,226	1,552,674	265,351	–	2,677,251
Inter-segment sales	11,920	–	36,690	(48,610)	–
Total revenue	871,146	1,552,674	302,041	(48,610)	2,677,251

Inter-segment sales are charged at a mutually agreed price.

RESULT

Segment result	810,663	439,341	25,214		1,275,218
Unallocated corporate expenses					(152,065)
Profit from operations					1,123,153
Finance costs					(463,569)
Share of results of associates	1,169	–	(14,432)		(13,263)
Profit before taxation					646,321
Taxation					(108,279)
Profit after taxation					538,042

4. SEGMENT INFORMATION (Cont'd)

2001 (Cont'd)

OTHER INFORMATION

	Property leasing	Hotel operations	Other operations	Consolidated
	\$'000	\$'000	\$'000	\$'000
Capital expenditure	2,755,686	74,115	694,886	3,524,687
Depreciation and amortisation	290	4,500	4,080	8,870
Non-cash expenses other than depreciation	605	25,968	70,369	96,942

BALANCE SHEET

	Property leasing	Hotel operations	Other operations	Consolidated
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Segment assets	13,919,679	7,951,549	6,868,447	28,739,675
Interests in associates	16,148	-	(13,130)	3,018
Unallocated corporate assets				278,946
Consolidated total assets				<u>29,021,639</u>
LIABILITIES				
Segment liabilities	7,769,558	4,115,699	1,153,915	13,039,172
Unallocated corporate liabilities				233,570
Consolidated total liabilities				<u>13,272,742</u>

4. SEGMENT INFORMATION (Cont'd)**2000**

	Property leasing	Hotel operations	Other operations	Eliminations	Consolidated
	\$'000	\$'000	\$'000	\$'000	\$'000
TURNOVER					
External sales	827,136	1,763,359	308,686	-	2,899,181
Inter-segment sales	12,646	-	28,119	(40,765)	-
Total revenue	839,782	1,763,359	336,805	(40,765)	2,899,181

Inter-segment sales are charged at a mutually agreed price.

RESULT

Segment result	751,226	528,542	55,826		1,335,594
Unallocated corporate expenses					(100,112)
Profit from operations					1,235,482
Finance costs					(460,448)
Share of results of associates	2,140	-	(13,927)		(11,787)
Profit before taxation					763,247
Taxation					(99,630)
Profit after taxation					663,617

4. SEGMENT INFORMATION (Cont'd)

2000 (Cont'd)

OTHER INFORMATION

	Property leasing	Hotel operations	Other operations	Consolidated
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Capital expenditure	191,999	50,289	1,099,964	1,342,252
Depreciation and amortisation	621	9,258	8,779	18,658
Non-cash expenses other than depreciation	786	19,947	23,765	44,498

BALANCE SHEET

	Property leasing	Hotel operations	Other operations	Consolidated
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
ASSETS				
Segment assets	13,300,763	9,179,775	6,498,243	28,978,781
Interests in associates	11,658	–	32,946	44,604
Unallocated corporate assets				268,506
Consolidated total assets				<u>29,291,891</u>
LIABILITIES				
Segment liabilities	4,780,062	4,145,825	1,617,886	10,543,773
Unallocated corporate liabilities				209,229
Consolidated total liabilities				<u>10,753,002</u>

4. SEGMENT INFORMATION (Cont'd)**Geographical segments**

A geographical analysis of the Group's turnover and contribution to profit from operations, by geographical market, is as follows:

	2001		2000	
	Turnover \$'000	Contribution to profit from operations \$'000	Turnover \$'000	Contribution to profit from operations \$'000
Hong Kong	1,299,299	661,607	1,371,409	721,040
North America	848,262	309,776	889,038	299,952
Europe	285,349	94,332	349,980	141,206
Asia Pacific, other than Hong Kong	244,341	57,438	288,754	73,284
	2,677,251	1,123,153	2,899,181	1,235,482

4. SEGMENT INFORMATION (Cont'd)

An analysis of the carrying amount of segment assets and additions to fixed assets by the geographical area in which the assets are located is as follows:

	Carrying amount of segment assets		Additions to fixed assets	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Hong Kong	22,928,924	22,627,096	2,690,493	1,226,355
North America	3,589,117	3,623,437	817,108	30,019
Europe	1,641,521	2,011,337	12,160	85,878
Asia Pacific, other than Hong Kong	862,077	1,030,021	4,926	–
	29,021,639	29,291,891	3,524,687	1,342,252

5. OTHER REVENUE

	2001 \$'000	2000 \$'000
Included in other revenue are:		
Dividends from unlisted investments	4,086	7,513
Dividends from listed investments	74	76
Profit on disposal of listed investments	–	466
Profit on disposal of fixed assets	26,099	17,518
Profit on deemed disposal of interest in an associate	–	12,358
Interest income	36,293	34,346

6. PROFIT FROM OPERATIONS

	2001	2000
	\$'000	\$'000
Profit from operations has been arrived at after charging:		
Amortisation on other assets	3,230	4,218
Auditors' remuneration	4,111	4,344
Depreciation on fixed assets	5,640	14,440
Fixed assets written off	32,439	19,947
Net exchange loss	–	3,984
Operating lease payments on rented premises	2,187	2,110
Other assets written off	3,395	786
Provision for impairment loss on other investments	36,622	23,765
Provision for doubtful debts	24,486	–
Staff costs, including directors' emoluments	564,208	580,774
and after crediting:		
Rental income from investment properties less related outgoings	764,513	717,495
Net exchange gain	1,053	–

7. FINANCE COSTS

	2001 \$'000	2000 \$'000
Interest on bank borrowing not wholly repayable within five years	13,752	–
Interest on bank borrowings wholly repayable within five years	508,535	540,643
Interest on other loan not wholly repayable within five years	49,292	–
Interest on other loans wholly repayable within five years	77,540	134,189
Interest on convertible bonds	8,097	31,653
Amortisation on convertible bond issuing expenses	1,233	5,572
Provision for premium on redemption of convertible bonds	13,625	51,404
Other borrowing costs	35,665	121,253
Total borrowing costs	707,739	884,714
Less: Amount capitalised to properties under development	(244,170)	(424,266)
	463,569	460,448

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS**Directors' emoluments**

	2001	2000
	\$'000	\$'000
Fees:		
Directors	198	198
Independent Non-Executive Directors	44	44
	242	242
Other emoluments:		
Directors		
Salaries and other benefits	12,945	12,498
Deemed benefits of share options granted (Note)	1,211	15
Provident fund scheme contributions	358	349
Independent Non-Executive Directors	-	-
	14,514	12,862
	14,756	13,104

Mr. CHENG Hoi Chuen, Vincent, an Independent Non-Executive Director, has waived his director's fee with effect from the financial year 1998. Save as afore-mentioned, none of the Directors has waived the rights to receive their emoluments.

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Cont'd)

Directors' emoluments (Cont'd)

	2001 Number of Directors	2000 Number of Directors
Bands:		
Nil to \$1,000,000	7	7
\$1,000,001 – \$1,500,000	1	2
\$1,500,001 – \$2,000,000	1	–
\$2,000,001 – \$2,500,000	–	1
\$2,500,001 – \$3,000,000	1	1
\$3,000,001 – \$3,500,000	1	–
\$4,500,001 – \$5,000,000	–	1
\$5,000,001 – \$5,500,000	1	–
	12	12

8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Cont'd)**Employees' emoluments**

Of the five individuals with the highest emoluments in the Group, three were Directors of the Company whose emoluments are included in the disclosures above. The emoluments of the remaining two individuals were as follows:

	2001	2000
	\$'000	\$'000
Salaries and other benefits	4,555	4,290
Deemed benefits of share options granted (Note)	235	2
Provident fund scheme contributions	165	140
	4,955	4,432

	2001	2000
	Number of employees	Number of employees
Bands:		
\$1,500,001 – \$2,000,000	–	1
\$2,000,001 – \$2,500,000	1	1
\$2,500,001 – \$3,000,000	1	–
	2	2

Note:

Under the Group's share option scheme, share options have been granted to qualified Directors and employees. The deemed benefits were arrived at by multiplying the difference between the subscription price and the open market closing price of the Company's shares at the date of granting of the share options by the number of shares convertible under the share options granted during the relevant year.

9. TAXATION

	2001 \$'000	2000 \$'000
Company and subsidiaries:		
Hong Kong	58,931	28,160
Other jurisdictions	49,039	56,789
Deferred taxation (note 23)	221	13,631
Share of taxation of associates:		
Hong Kong	88	271
Deferred taxation	-	779
	108,279	99,630

Hong Kong Profits Tax is calculated at 16% (2000: 16%) of the estimate assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

10. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to shareholders dealt with in the income statement of the Company amounted to approximately \$153,564,000 (2000: \$191,035,000) for the year.

11. DIVIDENDS

	2001	2000
	\$'000	\$'000
Interim dividend at 7 cents per share on 577,167,420 shares (2000: 10 cents per share on 552,055,908 shares)	40,402	55,205
Proposed final dividend at 14 cents per share on 577,167,420 shares (2000: 20 cents per share on 552,104,908 shares)	80,804	110,421
Underprovision of 2000 final dividend at 20 cents per share on 36,962 shares (2000: 1999 final dividend at 20 cents per share on 319,000 shares)	7	64
	121,213	165,690

The final dividend in respect of 2001 at 14 cents per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

	2001 \$'000	2000 \$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	507,299	622,953

	2001	2000
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	565,761,014	549,137,096
Effect of dilutive potential shares:		
Share options	846,198	1,145,048
Weighted average number of shares for the purpose of diluted earnings per share	566,607,212	550,282,144

The computation of diluted earnings per share does not assume the exercise of certain Company's outstanding share options as the exercise prices of those options are higher than the average market prices of the Company's shares for both 2001 and 2000.

13. FIXED ASSETS

	Investment properties \$'000	Hotel properties \$'000	Property under development \$'000	Land and buildings \$'000	Furniture and fixtures \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Total \$'000
THE GROUP								
COST/VALUATION								
At 1st January 2001	12,897,979	8,735,589	6,011,901	311,485	63,369	4,636	2,865	28,027,824
Exchange adjustments	(233)	(186,715)	-	-	(61)	-	-	(187,009)
Acquisition of subsidiaries	1,945,780	-	-	-	-	-	-	1,945,780
Additions	809,906	74,115	687,718	4,452	1,960	756	-	1,578,907
Transfer	-	300,723	-	(308,241)	-	-	-	(7,518)
Disposals/written off	(260,628)	(23,013)	-	(7,652)	(2,736)	(822)	-	(294,851)
Revaluation decrease	(1,862,463)	(1,329,215)	-	-	-	-	-	(3,191,678)
At 31st December 2001	13,530,341	7,571,484	6,699,619	44	62,532	4,570	2,865	27,871,455
DEPRECIATION								
At 1st January 2001	-	-	-	6,239	53,925	3,417	2,397	65,978
Charge for the year	-	-	-	1,577	2,970	685	408	5,640
Transfer	-	-	-	(7,518)	-	-	-	(7,518)
Eliminated on disposal	-	-	-	(288)	(799)	(808)	-	(1,895)
At 31st December 2001	-	-	-	10	56,096	3,294	2,805	62,205
NET BOOK VALUE								
At 31st December 2001	13,530,341	7,571,484	6,699,619	34	6,436	1,276	60	27,809,250
At 31st December 2000	12,897,979	8,735,589	6,011,901	305,246	9,444	1,219	468	27,961,846

13. FIXED ASSETS (Cont'd)

	Investment properties \$'000	Hotel properties \$'000	Property under development \$'000	Land and buildings \$'000	Furniture and fixtures \$'000	Motor vehicles \$'000	Plant and machinery \$'000	Total \$'000
Represented by:								
At cost	-	-	6,699,619	34	6,436	1,276	60	6,707,425
At valuation	13,530,341	7,571,484	-	-	-	-	-	21,101,825
	13,530,341	7,571,484	6,699,619	34	6,436	1,276	60	27,809,250

- (a) Investment and hotel properties were revalued at 31st December 2001 on an open market value basis by independent professional property valuers as follows:

Investment and hotel properties in Hong Kong – Chesterton Petty Ltd.

Hotel properties in United Kingdom – Chesterton Plc.

Hotel properties in Canada – Colliers International Realty Advisors Inc.

Hotel properties in Australia – CB Richard Ellis (V) Pty Ltd.

Hotel properties in New Zealand – CB Richard Ellis Ltd.

Hotel properties in USA – HVS International.

Investment properties in USA – Arthur Andersen LLP.

The above-mentioned valuations have been adopted by the Directors in these financial statements and the revaluation decrease arising on revaluation has been charged to property revaluation reserve.

13. FIXED ASSETS (Cont'd)

- (b) The carrying amount of investment properties includes land situated in Hong Kong and outside Hong Kong as follows:

	2001 \$'000	2000 \$'000
Long leases in Hong Kong	1,565,700	1,786,100
Medium-term leases in Hong Kong	10,283,500	9,988,000
Freehold land outside Hong Kong	1,681,141	1,123,879
	13,530,341	12,897,979

- (c) The carrying amount of hotel properties includes land situated in Hong Kong and outside Hong Kong as follows:

	2001 \$'000	2000 \$'000
Long leases in Hong Kong	381,000	446,000
Medium-term leases in Hong Kong	3,273,000	3,455,000
Freehold land outside Hong Kong	3,917,484	4,834,589
	7,571,484	8,735,589

- (d) Property under development

The property under development represents property situated in Hong Kong held under medium-term lease.

Included in property under development are borrowing costs capitalised of approximately \$1,769,474,000 (2000: \$1,525,304,000). The effective interest rate capitalised for the project during the year was 5.3% (2000: 8.1%).

- (e) Land and buildings are situated in Hong Kong and held under medium-term leases.

14. OTHER ASSETS

	Convertible bonds issuing expenses	Licence fee	Others	Total
	\$'000	\$'000	\$'000	\$'000
THE GROUP				
COST				
At 1st January 2001	27,622	15,624	2,020	45,266
Exchange adjustments	-	(844)	-	(844)
Written off	(27,622)	(14,780)	(2,020)	(44,422)
At 31st December 2001	-	-	-	-
AMORTISATION				
At 1st January 2001	26,389	9,374	1,307	37,070
Exchange adjustments	-	(506)	-	(506)
Charge for the year	1,233	2,956	274	4,463
Eliminated on written off	(27,622)	(11,824)	(1,581)	(41,027)
At 31st December 2001	-	-	-	-
CARRYING AMOUNT				
At 31st December 2001	-	-	-	-
At 31st December 2000	1,233	6,250	713	8,196

15. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2001	2000
	\$'000	\$'000
Unlisted shares, at cost	1,572,734	1,572,734
Amounts due from subsidiaries	4,096,577	3,709,581
	5,669,311	5,282,315

The amounts are unsecured, interest free and have no fixed repayment term. The Company has agreed not to demand for repayment within the next twelve months from the balance sheet date and accordingly, they are classified as non-current.

Particulars regarding the principal subsidiaries are set out in note 36.

16. INTERESTS IN ASSOCIATES

	THE GROUP	
	2001	2000
	\$'000	\$'000
Share of net assets:		
Listed associates	-	31,636
Unlisted associates	3,018	12,968
	3,018	44,604
Market value of listed securities	-	29,803

Particulars regarding the principal associate are set out in note 37.

17. OTHER INVESTMENTS

	THE GROUP	
	2001 \$'000	2000 \$'000
Fixed return investment in other regions of the People's Republic of China, unlisted	11,696	15,599
Not-for-trading securities		
Unlisted in Hong Kong	246	246
Listed in Hong Kong	11,467	3,329
Unlisted overseas	-	25,745
	11,713	29,320
	23,409	44,919
Market value of listed securities	11,467	3,329

18. PLEDGED BANK DEPOSITS

The pledged deposits have been placed in a designated bank as part of the securities provided for long-term facilities granted to the Group.

19. INVENTORIES

	THE GROUP	
	2001 \$'000	2000 \$'000
Cost		
Completed properties for sale	42	42
Raw materials	29,472	35,636
Provisions and beverages	14,526	15,699
Work in progress	13,010	6,894
	57,050	58,271

20. TRADE DEBTORS

The Group maintains a defined credit policy. For sales of goods, the Group allows an average credit period of 30 days to its trade customers. Rentals receivable from tenants and service income receivable from customers are payable on presentation of invoices. The aged analysis of trade debtors is as follows:

	THE GROUP	
	2001	2000
	\$'000	\$'000
0 – 3 months	140,372	152,880
3 – 6 months	16,123	14,562
Over 6 months	19,057	27,326
	175,552	194,768

21. TRADE CREDITORS

The aged analysis of trade creditors is as follows:

	THE GROUP	
	2001	2000
	\$'000	\$'000
0 – 3 months	107,452	122,189
3 – 6 months	499	240
Over 6 months	883	691
	108,834	123,120

22. BORROWINGS

	THE GROUP		THE COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Bank loans and overdrafts (unsecured)	465	3,105	-	-
Bank loans (secured)	10,686,145	7,326,391	-	-
Bills payable	10,972	254	-	-
Convertible bonds	-	1,189,709	-	-
Other long term loans	1,653,093	1,289,604	-	-
	12,350,675	9,809,063	-	-
The maturity of the above loans and overdrafts is as follows:				
On demand or within one year	2,195,301	2,302,161	-	-
More than one year but not exceeding two years	1,710,182	2,468,410	-	-
More than two years but not exceeding five years	7,264,175	5,038,492	-	-
More than five years	1,181,017	-	-	-
	12,350,675	9,809,063	-	-
Less: Amount due within one year shown under current liabilities	(2,195,301)	(2,302,161)	-	-
Amount due after one year	10,155,374	7,506,902	-	-

Secured bank loans include a loan of \$3,490 million (2000: \$2,000 million) obtained from a syndicate of banks by an indirect subsidiary in which the Group has a 85.93% (2000: 85.93%) interest.

Convertible bonds, carrying interest at 3.25% per annum payable in arrears, were redeemed on 3rd April 2001 at a premium.

Other long-term loans bear interest at various rates and are repayable by instalments.

23. DEFERRED TAXATION

	THE GROUP	
	2001	2000
	\$'000	\$'000
Balance at beginning of the year	173,289	133,867
Exchange adjustments	(40)	487
Deferred tax liabilities arising from acquisition of properties	-	25,304
Charge for the year (note 9)	221	13,631
Balance at end of the year	173,470	173,289

At the balance sheet date, the major components of deferred taxation liability, provided and unprovided, were as follows:

	PROVIDED		UNPROVIDED	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
Deferred taxation relating to gain				
on disposal of overseas properties	149,755	139,455	-	-
Deferred taxation relating to the				
revaluation increase of overseas properties	-	-	564,919	794,070
Other timing differences	23,715	33,834	-	-
	173,470	173,289	564,919	794,070

The amount of unprovided deferred taxation credit of the Group for the year was due to:

	2001	2000
	\$'000	\$'000
Decrease arising from the revaluation of overseas properties	229,151	236,935

Deferred taxation has not been provided on the revaluation increase or decrease of the Group's properties in Hong Kong and investments in securities not held for trading because profits arising on the disposal of these assets would not be subject to taxation. Accordingly, the increase or decrease arising on revaluation does not constitute a timing difference.

The Company did not have other significant deferred taxation assets or liabilities at the balance sheet date.

24. SHARE CAPITAL

(a) Authorised:

	2001		2000	
	Number of shares '000	Nominal value \$'000	Number of shares '000	Nominal value \$'000
Shares of \$0.50 each				
Balance brought forward and carried forward	800,000	400,000	800,000	400,000

(b) Issued and fully paid:

Shares of \$0.50 each				
Balance brought forward	552,105	276,052	546,401	273,201
Issued in consideration for the acquisition of subsidiaries	16,670	8,335	-	-
Issued upon exercise of share options under the Share Option Scheme	125	63	575	287
Issued as scrip dividends	8,267	4,134	5,129	2,564
Balance carried forward	577,167	288,584	552,105	276,052

During the year, the following changes in the issued share capital of the Company took place.

- (i) During the year, 16,670,000 shares of \$0.50 each in the Company were issued at \$18 per share as part of the consideration for the acquisition of subsidiaries.
- (ii) During the year, 93,000 and 32,000 share options under Share Option Scheme were exercised at exercise prices of \$6.912 and \$7.020 respectively, resulting in the issue of 125,000 shares of \$0.50 each in the Company.
- (iii) During the year, 8,267,512 shares of \$0.50 each in the Company were issued at \$10.08 per share as scrip dividends.

24. SHARE CAPITAL (Cont'd)**(c) Share Option Scheme**

At the balance sheet date, the Company had outstanding options granted to qualifying Directors and employees to subscribe for shares of the Company, as follows:

Date of grant	Number of shares under options	Subscription price per share \$	Exercisable period
15th April 1997	654,000	21.519	16th April 1999 – 15th April 2002
22nd January 1998	1,611,000	6.912	23rd January 2000 – 22nd January 2003
12th March 1999	509,000	7.020	13th March 2001 – 12th March 2004
14th February 2000	723,000	10.116	15th February 2002 – 14th February 2005
16th January 2001	1,104,000	13.392	17th January 2003 – 16th January 2006

During the year, certain share options were exercised to subscribe for 125,000 shares of the Company.

25. RESERVES

	Notes	THE GROUP		THE COMPANY	
		2001	2000	2001	2000
		\$'000	\$'000	\$'000	\$'000
Share premium	(a)	3,081,010	2,709,343	3,081,010	2,709,343
Property revaluation reserve	(b)	4,728,242	7,785,370	-	-
Investment revaluation reserve	(c)	(11,019)	536	-	-
Capital redemption reserve		1,650	1,650	1,650	1,650
Contributed surplus	(d)	402,540	402,291	426,203	426,203
Exchange translation reserve	(e)	(131,961)	(80,632)	-	-
Retained profits	(f)	6,764,199	6,407,730	1,871,588	1,868,854
		14,834,661	17,226,288	5,380,451	5,006,050

At the balance sheet date, the Company's reserves available for distribution to shareholders amounted to approximately \$2,297,791,000 (2000: \$2,295,057,000).

Notes:

(a) Share premium

	THE GROUP		THE COMPANY	
	2001	2000	2001	2000
	\$'000	\$'000	\$'000	\$'000
Balance brought forward	2,709,343	2,644,552	2,709,343	2,644,552
Shares issued at a premium	371,733	64,857	371,733	64,857
Expenses on share issue	(66)	(66)	(66)	(66)
Balance carried forward	3,081,010	2,709,343	3,081,010	2,709,343

25. RESERVES (Cont'd)**(b) Property revaluation reserve**

	THE GROUP		THE COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Balance brought forward	7,785,370	6,672,892	-	-
Exchange adjustments	(41,625)	(52,836)	-	-
Revaluation increase in investment properties attributable to additional interest in subsidiaries acquired from a minority shareholder	-	177,870	-	-
Revaluation (decrease) increase in investment properties during the year	(1,653,383)	991,777	-	-
Revaluation (decrease) increase in hotel properties during the year	(1,329,215)	73,027	-	-
Released upon disposal of investment properties	(34,756)	(79,678)	-	-
	4,726,391	7,783,052	-	-
Share of associates				
Revaluation increase in investment properties during the year	1,851	2,318	-	-
Balance carried forward	4,728,242	7,785,370	-	-

(c) Investment revaluation reserve

	THE GROUP		THE COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Balance brought forward	536	886	-	-
Revaluation decrease during the year	(11,555)	(350)	-	-
Balance carried forward	(11,019)	536	-	-

(d) Contributed surplus

	THE GROUP		THE COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Balance brought forward	402,291	402,291	426,203	426,203
Decrease in shareholdings by minority shareholders	249	-	-	-
Balance carried forward	402,540	402,291	426,203	426,203

25. RESERVES (Cont'd)

(d) Contributed surplus (Cont'd)

Contributed surplus represents the surplus arising under the Scheme of Arrangement undertaken by the Group in 1989/90. Under the Companies Act of 1981 of Bermuda, the contributed surplus is available for distribution to shareholders.

(e) Exchange translation reserve

	THE GROUP		THE COMPANY	
	2001 \$'000	2000 \$'000	2001 \$'000	2000 \$'000
Balance brought forward	(80,632)	(28,025)	-	-
Exchange adjustment on translation of net overseas investments	(46,530)	(75,945)	-	-
Net exchange (loss) gain on forward contracts	(4,799)	23,338	-	-
Balance carried forward	(131,961)	(80,632)	-	-

(f) Retained profits

	THE GROUP \$'000	THE COMPANY \$'000
Balance at 1st January 2000		
- as originally stated	5,840,046	1,733,088
- prior period adjustment (note 2)	109,280	109,280
- as restated	5,949,326	1,842,368
Net profit for the year	622,953	191,035
Dividends paid	(164,549)	(164,549)
Balance at 1st January 2001	6,407,730	1,868,854
Net profit for the year	507,299	153,564
Dividends paid	(150,830)	(150,830)
Balance at 31st December 2001	6,764,199	1,871,588

The prior period adjustment to retained profits at 1st January 2000 represents the reversal of the final dividend proposed and accrued for the year ended 31st December 1999.

The retained profits of the Group included \$438,000 (2000: \$18,723,000) retained by associates of the Group.

26. RECONCILIATION OF PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 \$'000	2000 \$'000
Profit before taxation	646,321	763,247
Share of results of associates	13,263	11,787
Interest income	(36,293)	(34,346)
Interest expenses	424,834	388,956
Provision for premium on redemption of convertible bonds	13,625	51,404
Dividends received from unlisted investments	(4,086)	(7,513)
Dividends received from listed investments	(74)	(76)
Profits on disposal of fixed assets	(26,099)	(17,518)
Provision for doubtful debts	24,486	-
Profit on deemed disposal of interest in an associate	-	(12,358)
Depreciation on fixed assets	5,640	14,440
Amortisation on other assets	3,230	4,218
Other assets written off	3,395	786
Fixed assets written off	32,439	19,947
Provision for impairment loss on other investments	36,622	23,765
Decrease in inventories	1,221	18,834
Decrease (increase) in debtors, deposits and prepayments	169,463	(192,451)
Decrease in bills payable, creditors, deposits and accruals	(16,882)	(63,276)
Decrease (increase) in amounts due from associates	18,072	(5,438)
Decrease in amounts due to associates	-	(500)
Net cash inflow from operating activities	1,309,177	963,908

27. ACQUISITION OF SUBSIDIARIES

On 28th June 2001, the Group acquired 100 per cent of the issued share capital of Garden Road (BVI) Limited and CitiRealty (BVI) Limited. The transaction has been accounted for by the acquisition method of accounting.

	2001 \$'000	2000 \$'000
Net assets acquired:		
Investment properties	1,945,780	-
Trade and other receivables	524	-
Trade and other payables	(210)	-
Taxation	(4,251)	-
	1,941,843	-
Satisfied by:		
Shares allotted	300,060	-
Cash	1,641,783	-
	1,941,843	-
Outflow of cash and cash equivalents in respect of the purchase of subsidiaries	(1,641,783)	-

The subsidiaries acquired during the year contributed approximately \$64,381,000 to the turnover and approximately \$37,903,000 to the profit before taxation of the Group for the period between the date of acquisition and the balance sheet date.

During the period since acquisition, the newly acquired subsidiaries have reduced approximately \$65,000 of the Group's net operating cash flows, paid approximately \$3,252,000 in respect of taxation and repaid loans of approximately \$22,518,000 in respect of its financing activities.

28. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and premium \$'000	Contributed surplus \$'000	Long-term loans \$'000	Convertible bonds \$'000	Minority interests \$'000
Balance at 1st January 2000	2,917,753	402,291	8,260,557	1,134,243	1,691,399
Exchange adjustments	-	-	(198,313)	4,062	(3)
Issue of shares	4,168	-	-	-	-
Scrip dividends	63,540	-	-	-	-
Share issue expenses	(66)	-	-	-	-
Advances during the year	-	-	2,881,908	-	-
Repayments during the year	-	-	(2,488,157)	-	-
Premium on redemption	-	-	-	51,404	-
Acquisition of additional interest in subsidiaries	-	-	-	-	(697,691)
Minority interests in					
- profit	-	-	-	-	40,664
- property revaluation reserve	-	-	-	-	125,223
- net change in equity holding and repayment	-	-	-	-	(27,267)
Dividends paid to minority shareholders	-	-	-	-	(95,776)

28. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR (Cont'd)

	Share capital and premium \$'000	Contributed surplus \$'000	Long-term loans \$'000	Convertible bonds \$'000	Minority interests \$'000
Balance at 31st December 2000	2,985,395	402,291	8,455,995	1,189,709	1,036,549
Exchange adjustments	-	-	(112,042)	802	-
Issue of shares	869	-	-	-	-
Scrip dividends	83,336	-	-	-	-
Share issue expenses	(66)	-	-	-	-
Advances during the year	-	-	4,858,041	-	-
Repayments during the year	-	-	(962,756)	(1,204,136)	-
Premium on redemption	-	-	-	13,625	-
Shares issued in consideration for the acquisition of subsidiaries	300,060	-	-	-	-
Decrease in shareholdings by minority shareholders	-	249	-	-	9,674
Minority interests in					
- profit	-	-	-	-	30,743
- property revaluation reserve	-	-	-	-	(209,080)
- net change in equity holding and repayment	-	-	-	-	(242,125)
Dividends paid to minority shareholders	-	-	-	-	(109)
Balance at 31st December 2001	3,369,594	402,540	12,239,238	-	625,652

29. MAJOR NON-CASH TRANSACTIONS

- (a) During the year, the Company issued 16,670,000 new shares of \$0.50 each in the Company at an issue price of \$18 per share, as part of the consideration for the acquisition of subsidiaries.
- (b) During the year, 8,267,512 shares of \$0.50 each in the Company were issued at \$10.08 per share as scrip dividends.

30. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2001 \$'000	2000 \$'000
Bank balances and deposits	709,859	535,421
Unsecured bank loans and overdrafts	(465)	(3,105)
Secured bank loans	(100,000)	(160,000)
	609,394	372,316

31. PROVIDENT FUND SCHEMES

The Group has established various provident fund schemes for the benefit of its staff in Hong Kong and overseas. In Hong Kong, the Group operates several defined contribution schemes for qualifying employees. The schemes are registered under the Occupational Retirement Schemes Ordinance. The assets of the schemes are administered by independent third parties and are held separately from the Group's assets. The schemes are funded by contributions from both employees and employers at rates ranging from 5% to 10% of the employee's basic monthly salary. Arrangements for staff retirement benefits of overseas employees vary from country to country and are made in accordance with local regulations and custom.

The Occupational Retirement Scheme in Hong Kong had been closed to new employees as a consequence of the new Mandatory Provident Fund Pension Legislation introduced by The Government of Hong Kong Special Administration Region.

From 1st December 2000 onwards, new staff in Hong Kong joining the Group are required to join the new Mandatory Provident Fund Scheme. The Group is required to contribute 5% to 10%, while the employees are required to contribute 5% of their salaries to the Scheme.

Forfeited contributions to retirement schemes for the year ended 31st December 2001 amounted to \$2,149,000 (2000: \$3,013,000) have been used to reduce the existing level of contributions. Total contribution to retirement fund schemes for the year ended 31st December 2001 charged to the income statement amounted to \$23,119,000 (2000: \$21,622,000).

32. PLEDGE OF ASSETS

At 31st December 2001, the Group's properties with a total carrying value of approximately \$27,773,000,000 (2000: \$27,918,000,000) together with assignments of sales proceeds, insurance proceeds, rental income, revenues and all other income generated from the relevant properties and deposits of approximately \$95,414,000 (2000: \$104,156,000) were mortgaged or pledged to secure credit facilities granted to the Group.

33. COMMITMENTS AND CONTINGENT LIABILITIES

The Group

At 31st December 2001, the Group had commitments and contingent liabilities not provided for in these financial statements, as follows:

- (a) estimated expenditure in respect of property under development amounting to approximately \$3,706,690,000 (2000: \$3,954,860,000) of which approximately \$3,255,261,000 (2000: \$468,555,000) were contracted for;
- (b) authorised capital expenditure amounting to approximately \$43,537,000 (2000: \$716,330,000) of which approximately \$18,804,000 (2000: \$629,388,000) were contracted for; and
- (c) commitments under foreign exchange future contracts to sell approximately \$143,854,000 (2000: \$879,132,000) at fixed exchange rates.

The Company

At 31st December 2001, the Company had issued corporate guarantees to certain banks in respect of credit facilities drawn by its subsidiaries amounting to approximately \$9,248,050,000 (2000: \$6,932,838,000).

Other than set out above, the Group and the Company did not have any significant commitments and contingent liabilities at 31st December 2001.

34. OPERATING LEASE ARRANGEMENTS**The Group as lessor**

Property rental income earned during the year was approximately \$859,226,000 (2000: \$827,136,000). The property held has committed leases typically running for one to six years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments in respect of investment properties which fall due as follows:

	2001	2000
	\$'000	\$'000
Within one year	725,530	570,238
In the second to fifth years inclusive	1,015,624	782,097
After five years	32,222	61,390
	1,773,376	1,413,725

The Group as lessee

At the balance sheet date, the Group had outstanding commitments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	2001	2000
	\$'000	\$'000
Within one year	1,812	1,836
In the second to fifth years inclusive	887	1,750
	2,699	3,586

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are typically running for one to three years.

35. RELATED PARTY TRANSACTIONS

The Group had the following significant related party transactions during the year and balances at balance sheet date with certain companies in which certain shareholders and directors of the Company have beneficial interest. The transactions were carried out in the normal course of the Group's business on terms mutually agreed between the parties.

	2001	2000
	\$'000	\$'000
Transactions for the year ended 31st December		
Trading income	19,227	13,842
Rental income	2,114	2,114
Management fee received	240	540
Rental charges paid for Director's accommodation	2,400	2,400
Cost and expenses paid for demolition and foundation work	236,396	64,709
Balances as at 31st December		
Debtors, deposits and prepayments		
– Related parties	15,436	7,430
– Associates	–	18,072
Creditors, deposits and accruals		
– Related parties	34,169	8,391
– Associates	3,224	3,224

36. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31st December 2001 are set out below:

Direct subsidiary	Issued and paid up equity share capital	Principal activity	Percentage of issued equity share capital held by the Company
<i>– incorporated and operating in the British Virgin Islands:</i>			
Jolly Trend Limited	2 shares of US\$1 each	Investment holding	100%
Indirect subsidiaries	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company
<i>– incorporated and operating in Hong Kong:</i>			
Bon Project Limited	2 shares of HK\$1 each	Property investment	100%
Capital Win Development Limited	2 shares of HK\$1 each	Property investment	100%
Chance Mark Limited	2 shares of HK\$1 each	Property investment	100%

36. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (Cont'd)

Indirect subsidiaries	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company
<i>– incorporated and operating</i>			
<i>in Hong Kong (Cont'd):</i>			
Clever Gain Investment Limited	2 shares of HK\$1 each	Restaurant operation	100%
CP (Portion A) Limited	2 shares of HK\$1 each	Property investment	100%
CP (Portion B) Limited	2 shares of HK\$1 each	Property investment	100%
Ease Billion Development Limited	2 shares of HK\$1 each	Property investment	100%
Easy Wealth Limited	2 shares of HK\$1 each	Property investment	100%
Eaton House International Limited	2 shares of HK\$10 each	Management of furnished apartments	100%
Fortuna Wealth Company Limited	2 shares of HK\$1 each	Property investment	100%
G E Advertising Agency Limited	2 shares of HK\$1 each	Advertising agency	100%
Gold Epoch Investment Limited	2 shares of HK\$1 each	Property investment	100%
Grow On Development Limited	5,000 shares of HK\$1 each	Hotel operations	100%
Harvest Star International Limited	2 shares of HK\$1 each	Hotel operations	100%
Keysen Engineering Company, Limited	2 shares of HK\$1 each	Maintenance services	100%
Longworth Management Limited	10,000 shares of HK\$1 each	Property management	100%
Million Prime Company Limited	2 shares of HK\$1 each	Property investment	100%
Moon Yik Company, Limited	10,000,000 shares of HK\$1 each	Property investment	100%

36. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (Cont'd)

Indirect subsidiaries	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company
<i>– incorporated and operating</i>			
<i>in Hong Kong (Cont'd):</i>			
Panhy Limited	2 shares of HK\$1 each	Property investment	100%
Renaissance City Development Company Limited	2 shares of HK\$10 each	Property development	100%
Selex Properties Management Company, Limited	2 shares of HK\$1 each	Property management	100%
The Great Eagle Company, Limited	2,000,000 shares of HK\$0.5 each	Investment holding	100%
The Great Eagle Development and Project Management Limited	2 shares of HK\$10 each	Project management	100%
The Great Eagle Engineering Company Limited	2 shares of HK\$1 each	Maintenance services	100%
The Great Eagle Estate Agents Limited	2 shares of HK\$10 each	Real estate agency	100%
The Great Eagle Finance Company, Limited	100,000 shares of HK\$100 each	Loan financing	100%
The Great Eagle Insurance Company, Limited	1,000 shares of HK\$1 each	Insurance agency	100%
The Great Eagle Properties Management Company, Limited	100,000 shares of HK\$1 each	Property management	100%

36. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (Cont'd)

Indirect subsidiaries	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company
<i>– incorporated and operating</i>			
<i>in Hong Kong (Cont'd):</i>			
Toptech Co. Limited	600,000 shares of HK\$1 each	Trading of building materials	100%
Venus Glory Company Limited	2 shares of HK\$1 each	Property investment	100%
Well Charm Development Limited	2 shares of HK\$1 each	Property investment	100%
Worth Bright Company Limited	2 shares of HK\$1 each	Property investment	100%
Zamanta Investments Limited	100 shares of HK\$10 each	Property investment	100%
Maple Court Limited	2 shares of HK\$1 each	Property investment	85.93%
Missleton Finance Limited	1,000,000 shares of HK\$1 each	Loan financing	85.93%
Shine Hill Development Limited	1,000,000 shares of HK\$1 each	Property investment	85.93%
<i>– incorporated in the British Virgin Islands and operating in United Kingdom:</i>			
Great Eagle Hotels (UK) Limited	1 share of US\$1	Hotel operations	100%

36. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (Cont'd)

Indirect subsidiaries	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company
<i>– incorporated and operating</i>			
<i>in Canada:</i>			
Great Eagle Hotels (Canada) Limited	10 common shares of C\$1 each	Hotel operations	100%
<i>– incorporated in the British Virgin Islands and operating</i>			
<i>in Australia:</i>			
Katesbridge Group Limited	1 share of US\$1	Investment holding	100%
<i>– incorporated and operating</i>			
<i>in Australia:</i>			
Southgate Hotel Management Pty. Ltd.	17,408 shares of A\$2 each	Hotel operations	100%
<i>– incorporated in the British Virgin Islands and operating</i>			
<i>in New Zealand:</i>			
Great Eagle Hotels (New Zealand) Limited	1 share of US\$1	Property investment	100%
<i>– incorporated and operating</i>			
<i>in New Zealand:</i>			
Great Eagle Hotels (Auckland) Limited	1,000 shares of no par value	Hotel operations	100%

36. PARTICULARS OF THE PRINCIPAL SUBSIDIARIES (Cont'd)

Indirect subsidiaries	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company
<i>– incorporated and operating in USA:</i>			
*EIH Properties Company – XX, LLC	US\$1,000	Property investment	100%
*Pacific Dolphin Corporation	100 shares of no par value	Property investment	100%
*Pacific Spear Corporation	100 shares of US\$0.001 each	Property investment	100%
*Pacific Ygnacio Corporation	100 shares of no par value	Property investment	100%
*Shorthills NJ, Inc.	100 shares of US\$1 each	Property investment	100%

Note: All these subsidiaries have no loan capital subsisting at the end of the year or at any time during the year.

* Companies not audited by Deloitte Touche Tohmatsu.

The Directors are of the opinion that a complete list of the particulars of all subsidiaries will be of excessive length and therefore the above list contains only the particulars of the subsidiaries which principally affect the results or assets and liabilities of the Group.

37. PARTICULARS OF THE PRINCIPAL ASSOCIATE

Details of the Company's principal associate at 31st December 2001 are set out below:

Indirect associate	Issued and paid up equity share capital	Principal activities	Percentage of issued equity share capital held by the Company
<i>– incorporated and operating in USA:</i>			
*Pacific 888, LLC	US\$4,500,000	Property investment	50%

* Company not audited by Deloitte Touche Tohmatsu.