

1. GENERAL

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

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 20.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the 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 has led to a number of changes in the Group's accounting policies. The revised accounting policies are set out in note 3. In addition, the new and revised SSAPs have introduced additional and revised disclosure requirements which have been adopted in these financial statements. Comparative amounts for the prior year have been restated in order to achieve a consistent presentation.

The adoption of these new and revised SSAPs has resulted in the following changes to the Group's accounting policies that have affected the amounts reported for the current or prior periods.

Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised) *Events after the Balance Sheet Date*, dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed as separate component of equity in the notes to the financial statements. This change in accounting policy has been applied retrospectively.

Leases

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

Segment reporting

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

Goodwill

In adopting SSAP 30 *Business Combinations*, the Group has elected to restate goodwill (negative goodwill) previously eliminated against (credited to) reserves. Accordingly, the amount of such goodwill (negative goodwill) has been remeasured in accordance with the requirements of SSAP 30. Accumulated amortisation and impairment losses in respect of goodwill between the date of acquisition of the relevant subsidiary, associate or jointly controlled entity and the date of adoption of SSAP 30 have been recognised retrospectively. Negative goodwill which would have been recognised as income between the date of acquisition of the relevant subsidiary, associate or joint venture and the date of adoption of SSAP 30 has been recognised retrospectively. Following restatement, goodwill is presented as an asset in the balance sheet and negative goodwill is presented as a deduction from assets. Goodwill is amortised over its estimated useful life. Negative goodwill is released to income based on an analysis of the circumstances from which the balance resulted.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE (Continued)**Goodwill (Continued)**

The financial effect of the adoption of the new/revised accounting policies described above is summarised below:

	Capital reserve	Dividend reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st January, 2000				
As originally stated	237,709	—	2,005,492	2,243,201
Derecognition of liability for final dividend for 1999	—	50,490	—	50,490
Restatement as an asset of goodwill released upon liquidation of an associate with retrospective recognition of accumulated amortisation and post impairment losses	16,197	—	(16,197)	—
Restatement of negative goodwill held in reserves with retrospective release to income	(253,906)	—	73,601	(180,305)
As restated	—	50,490	2,062,896	2,113,386

The effect of these changes in accounting policies on the results for the current and prior year is as follows:

	Year ended 31.12.2001	Year ended 31.12.2000
	HK\$'000	HK\$'000
Restatement as an asset of goodwill released upon liquidation of an associate with retrospective recognition of accumulated amortisation and post impairment losses	—	16,197
Recognition of impairment loss in respect of goodwill (note 21)	—	(80,396)
Release of negative goodwill to income (note 19)	12,266	12,266
	12,266	(51,933)

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

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 inter-company transactions and balances within the Group have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is capitalised and amortised on a straight-line basis over its estimated useful economic life. Goodwill arising on the acquisition of an associate or a jointly controlled entity is included within the carrying amount of the associate or jointly controlled entity. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On the disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition over the cost of acquisition.

Negative goodwill is presented as a deduction from assets and is released to income based on an analysis of the circumstances from which the balance resulted.

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining useful lives of the identifiable depreciable assets acquired. To the extent that such negative goodwill exceeds the aggregate fair value of the identifiable non-monetary assets acquired, it is recognised as income immediately.

Negative goodwill arising on the acquisition of an associate or a jointly controlled entity is deducted from the carrying value of that associate or jointly controlled entity. Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

Revenue recognition

Development properties

When properties are developed for sale, income is recognised only when the sale is completed and when the relevant building occupation/sale permit is issued by the relevant authority. Payments received from purchasers prior to this stage are recorded as sales deposits under current liabilities.

Others

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

Sales of goods are recognised when goods are delivered and title has passed.

Service income is recognised when services are rendered.

Interest income is accrued on a time 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.

Securities trading income is recognised on a trade-date basis when contracts are executed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Leases**

Leases are classified as finance leases when the terms of the lease transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant leases so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the annual rentals are charged to the income statement on a straight-line basis over the relevant lease term.

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 value. They are revalued at intervals of not more than three years by independent professionally qualified valuers. In each of the intervening years, valuations are undertaken by professionally qualified executives of the Group. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On the disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred 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.

Property, plant and equipment

Property, plant and equipment other than properties under development are stated at cost less depreciation or amortisation and accumulated impairment losses.

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.

Depreciation or amortisation is provided to write off the cost of items of property, plant and equipment other than properties under development over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method, at the following rates per annum:

Land and buildings	2% to 4%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Plant and machinery	10%
Leasehold improvements	25%

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 loss is recognised as an expense immediately.

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.

Properties under development

Properties under development for investment purposes are classified under property, plant and equipment and are stated at cost less any identified impairment loss.

Properties under development for sale are classified under current assets and are stated at the lower of cost and net realisable value.

Cost comprises land cost and development costs including attributable borrowing costs and charges capitalised during the development period.

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 the borrowing costs capitalised.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

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.

Interests in associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, through participation in 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

Jointly controlled entities

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entities less any identified impairment loss. The Group's share of the post-acquisition results of its jointly controlled entities is included in the consolidated income statement.

When the Group transacts with a jointly controlled entity, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

Other joint venture arrangements

Investments in the form of joint venture structures which do not result in the Group having joint control with the other venturers are accounted for as subsidiaries (where the Group controls the joint venture), associates (where the Group is in a position to exercise significant influence) or other investments in securities (where the Group exercises neither control nor significant influence).

Investments in securities

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

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity debt security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the period. For other securities, unrealised gains and losses are dealt with in equity, 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method.

Transactions costs on bank borrowings

The transaction costs incurred in connection with the bank borrowings raised are deferred and charged to the income statement over the period of the bank borrowings from the date of bank borrowings withdrawn to the final repayment maturity date so as to produce a constant periodic rate of charge on the remaining balance of the bank borrowings for each accounting period.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expense are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed using the liability method, 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.

Foreign currencies

Transactions in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated into Hong Kong dollars at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of subsidiaries, associates and jointly controlled entities which are denominated in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the balance sheet date. All exchange differences arising on consolidation are dealt with in reserves.

Quotas

Revenue from the sale of, and the cost of acquiring, temporary quotas are dealt with in the income statement at the time of shipments or when the sale of the related goods is completed. Quotas allocated by the authorities in Hong Kong are not recognised in the financial statements. The cost of permanent quotas acquired is amortised over three years after the year of acquisition.

4. TURNOVER

Turnover comprises:

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Gross rental income	457,723	501,753
Gross invoiced sales	139,270	142,138
Interest income	54,135	117,094
Agency and service fees income	2,437	5,213
Proceeds from sale of securities	—	4,434
Dividend income	2,272	3,628
Gross proceeds from sale of properties	—	810
Project management fee income	664	664
	656,501	775,734

5. OTHER REVENUE

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Included in other revenue is:		
Exchange gain, net	301	2,336

6. GEOGRAPHICAL AND BUSINESS SEGMENTS

Geographical segments

The operations of the Group are currently located in New Zealand, Australia, Greater China other than Hong Kong, Hong Kong and Indonesia. The corresponding geographical locations of the Group's assets are the basis on which the Group reports its primary segment information.

	Year ended 31st December, 2001						
	New Zealand	Australia	Greater China other than Hong Kong	Hong Kong	Indonesia	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	161,269	169,045	4,215	318,754	3,218	—	656,501
Inter-segment revenue*	—	17,723	—	20,465	—	(38,188)	—
Total revenue	161,269	186,768	4,215	339,219	3,218	(38,188)	656,501
RESULT							
Segment result	107,679	96,909	(7,495)	201,668	2,780	—	401,541
Unallocated corporate expenses							(38,916)
Profit from operations							362,625
Finance costs							(272,427)
Share of results of associates	—	(3,336)	—	(12,071)	—	—	(15,407)
Share of results of jointly controlled entities	—	—	(427)	—	—	—	(427)
Profit before taxation							74,364
Taxation							(4,348)
Profit before minority interests							70,016
Minority interests							(34,077)
Net profit for the year							35,939

* Inter-segment revenue are charged at rates approximate to similar transactions with third parties.

6. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Geographical segments (Continued)

BALANCE SHEET AS AT 31ST DECEMBER, 2001

	New Zealand	Australia	Greater China other than Hong Kong	Hong Kong	Indonesia	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS						
Segment assets	1,688,799	1,992,179	627,052	3,634,600	95,285	8,037,915
Interests in associates	—	11,093	—	5,312	—	16,405
Interests in jointly controlled entities	—	—	39,248	—	—	39,248
Amounts due from jointly controlled entities	—	—	2,794	—	—	2,794
Consolidated total assets						8,096,362
LIABILITIES						
Segment liabilities	1,824,842	720,763	310,295	1,337,760	41,883	4,235,543
Consolidated total liabilities						4,235,543

OTHER INFORMATION FOR THE YEAR ENDED 31ST DECEMBER, 2001

	New Zealand	Australia	Greater China other than Hong Kong	Hong Kong	Indonesia	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital additions	136,192	1,814	5,460	4,695	—	148,161
Depreciation and amortisation	2,110	613	440	2,353	23	5,539
Impairment losses recognised in income statement	—	—	—	823	—	823
Other non-cash expenses	2,933	—	—	2,823	—	5,756

For the year ended 31st December, 2001

6. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Geographical segments (Continued)

	Year ended 31st December, 2000						
	New Zealand	Australia	Greater China other than Hong Kong	Hong Kong	Indonesia	Eliminations	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
REVENUE							
External sales	196,734	136,186	1,455	435,305	6,054	—	775,734
Inter-segment revenue*	—	9,150	—	23,918	—	(33,068)	—
Total revenue	196,734	145,336	1,455	459,223	6,054	(33,068)	775,734
RESULT							
Segment result	132,095	69,538	(14,620)	357,405	(19,717)	—	524,701
Unallocated corporate expenses							(48,403)
Profit from operations							476,298
Finance costs							(300,871)
Share of results of associates	—	4,481	—	7,721	—	—	12,202
Share of results of jointly controlled entities	—	—	22	—	—	—	22
Impairment loss recognised in respect of goodwill on acquisition of associates	—	(60,620)	—	(19,776)	—	—	(80,396)
Profit before taxation							107,255
Taxation							(7,829)
Profit before minority interests							99,426
Minority interests							(48,634)
Net profit for the year							50,792

* Inter-segment revenue are charged at rates approximate to similar transactions with third parties.

6. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Geographical segments (Continued)

BALANCE SHEET AS AT 31ST DECEMBER, 2000

	New Zealand	Australia	Greater China other than Hong Kong	Hong Kong	Indonesia	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS						
Segment assets	2,189,618	2,433,175	530,373	3,711,688	106,804	8,971,658
Interests in associates	—	23,496	—	11,283	—	34,779
Interests in jointly controlled entities	—	—	39,679	—	—	39,679
Amounts due from jointly controlled entities	—	—	2,844	—	—	2,844
Consolidated total assets						9,048,960
LIABILITIES						
Segment liabilities	1,934,336	1,112,261	276,610	1,234,170	48,034	4,605,411
Consolidated total liabilities						4,605,411

OTHER INFORMATION FOR THE YEAR ENDED 31ST DECEMBER, 2000

	New Zealand	Australia	Greater China other than Hong Kong	Hong Kong	Indonesia	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Capital additions	341,359	2,206	39,759	2,792	377	386,493
Depreciation and amortisation	3,432	158	330	1,451	31	5,402
Provision for impairment in properties under development	—	—	6,562	—	—	6,562
Impairment losses in respect of goodwill on acquisition of associates	—	60,620	—	19,776	—	80,396
Other non-cash expenses	36,334	—	656	3,754	—	40,744

Note: The location of assets is equivalent to the location of customers.

6. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)**Business segments**

The Group is currently organised into four operating divisions - property investment, garment manufacturing and trading, investment and property development.

Principal activities are as follows:

Property investment	—	rental of properties
Garment manufacturing and trading	—	manufacturing and trading of garment products
Investment	—	investment in listed and non-listed securities, and treasury investments
Property development	—	development of properties

Other than the garment manufacturing and trading with its location of its operations mainly in Hong Kong, all the above divisions are operating in New Zealand, Australia, Greater China other than Hong Kong, Hong Kong and Indonesia.

The following table provides an analysis of the Group's sales revenue and contribution to profit from operations by business segment:

	Sales revenue by business segment		Contribution to profit from operations	
	Year ended 31.12.2001	Year ended 31.12.2000	Year ended 31.12.2001	Year ended 31.12.2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property investment	456,685	502,111	352,370	373,985
Garment manufacturing and trading	139,270	142,138	32,663	48,510
Investment	57,254	126,756	49,248	130,927
Property development	1,333	1,438	(2,320)	(13,414)
Others	1,959	3,291	(30,420)	(15,307)
	656,501	775,734	401,541	524,701
Unallocated corporate expenses			(38,916)	(48,403)
Profit from operations			362,625	476,298

6. GEOGRAPHICAL AND BUSINESS SEGMENTS (Continued)

Business segments (Continued)

The following is an analysis of the carrying amount of segment assets, and additions to investment properties and property, plant and equipment analysed by business segments:

	Carrying amount of segment assets		Additions to investment properties and property, plant and equipment	
	Year ended 31.12.2001	Year ended 31.12.2000	Year ended 31.12.2001	Year ended 31.12.2000
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property investment	5,708,645	6,710,300	139,844	366,431
Garment manufacturing and trading	26,809	23,908	2,220	1,396
Investment	1,389,511	1,425,786	—	—
Property development	828,762	743,477	4,027	16,460
Others	27,609	8,950	2,070	2,206
	7,981,336	8,912,421	148,161	386,493
Unallocated corporate assets	56,579	59,237		
	8,037,915	8,971,658		

7. NET LOSS ON INVESTMENTS AND PROPERTIES

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i> (as restated)
Loss on disposal of investment properties	(46,461)	(42,940)
Unrealised loss on investment in listed securities	(2,275)	(3,989)
Loss on dilution of interests in subsidiaries	(1,354)	—
Impairment loss reversed in respect of properties for sale	6,548	15,177
Gain on deemed disposal of associates	1,990	—
Provision for impairment in properties under development	—	(6,562)
Loss on disposal of subsidiaries	—	(26,277)
Gain on liquidation of an associate	—	395
	(41,552)	(64,196)

For the year ended 31st December, 2001

8. PROFIT FROM OPERATIONS

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit from operations has been arrived at after charging:		
Auditors' remuneration		
Provision for the year	2,636	2,485
Overprovision for prior years	(365)	—
	2,271	2,485
Depreciation and amortisation		
– owned assets	5,128	5,173
– assets held under finance leases	411	332
Less: Amounts capitalised to property development projects	—	(103)
	5,539	5,402
Bad debts written off	2,127	1,055
Cost of inventories of finished goods sold	79,792	86,357
Cost of inventories of properties sold	63,054	18,143
Directors' emoluments (<i>note 10</i>)	8,269	10,474
Loss on disposal of property, plant and equipment	4,690	657
Provision for mortgage loans receivable	—	9,423
Realised loss on disposal of investment in securities	—	3,070
Rental payments under operating leases	17,407	7,134
and crediting:		
Gross rental income from investment properties	456,538	481,685
Less: Outgoings	(68,904)	(31,279)
Net rental income from investment properties	387,634	450,406
Net rental income from other properties	1,185	20,068
	388,819	470,474
Interest earned on bank deposits	51,696	115,350
Other interest income	2,439	1,744
	54,135	117,094
Less: Amount capitalised to property development projects	—	(520)
	54,135	116,574
Dividend income from listed investments	2,111	2,660
Dividend income from unlisted investments	161	968
Realised gain on disposal of investment in securities	2,782	—

9. FINANCE COSTS

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on:		
Bank loans and overdrafts wholly repayable within 5 years	183,295	302,724
Other loan wholly repayable within 5 years	8,036	19,752
Bank loans not wholly repayable within 5 years	68,163	30,814
Obligations under finance leases	248	181
Convertible capital notes/bonds	12,750	—
Total borrowing costs	272,492	353,471
Less: Amounts capitalised to property development projects	(1,728)	(52,600)
	270,764	300,871
Facilities charges	1,663	—
	272,427	300,871

Borrowing costs capitalised during the year arose on the general borrowing pool and is calculated by applying a capitalisation rate of 6.84% (2000: 7.23%) to expenditure on qualifying assets.

10. DIRECTORS' EMOLUMENTS

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Directors' fees:		
Executive	70	70
Non-executive	50	70
Independent non-executive	40	40
	160	180
Management remuneration:		
Executive		
Salaries and other benefits	5,525	5,525
Discretionary payments	500	500
Performance based bonus	1,260	3,445
Contributions to pension scheme	744	744
Independent non-executive		
Other remuneration	80	80
	8,109	10,294
	8,269	10,474

For the year ended 31st December, 2001

10. DIRECTORS' EMOLUMENTS (Continued)

Their emoluments are within the following bands:

	2001	2000
	Number of directors	Number of directors
Nil to HK\$500,000	4	6
HK\$500,001 to HK\$1,000,000	1	—
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$4,500,001 to HK\$5,000,000	1	—
HK\$6,500,001 to HK\$7,000,000	—	1
	7	8

11. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2000: two) were directors whose emoluments are included in the disclosures in note 10. The emoluments of the remaining three (2000: three) individuals are as follows:

	2001	2000
	HK\$'000	HK\$'000
Salaries and other remuneration	5,269	6,493
Contributions to pension scheme	103	—
	5,372	6,493

Their emoluments are within the following bands:

	2001	2000
	Number of employees	Number of employees
HK\$1,000,001 to HK\$1,500,000	2	1
HK\$1,500,001 to HK\$2,000,000	—	1
HK\$2,500,001 to HK\$3,000,000	1	—
HK\$3,500,001 to HK\$4,000,000	—	1
	3	3

12. TAXATION

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Company and subsidiaries		
Hong Kong Profits Tax	6,446	8,079
Income tax outside Hong Kong	165	117
	6,611	8,196
Deferred taxation credit	(2,263)	(367)
	4,348	7,829

Hong Kong Profits Tax is calculated at 16% (2000: 16%) of the estimated assessable profits. Taxation outside Hong Kong is calculated at the rates prevailing in the respective jurisdictions. Details of the potential deferred tax asset (liability) are set out in note 39.

13. NET PROFIT FOR THE YEAR

Of the Group's net profit for the year of HK\$35,939,000 (2000: HK\$50,792,000), loss of HK\$54,928,000 (2000: profit of HK\$15,732,000) has been dealt with in the financial statements of the Company.

14. DIVIDENDS PAID

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends paid		
2001 interim, paid - HK 6 cents per share on 511,246,868 shares (2000 interim, paid: HK 6 cents per share on 505,293,586 shares)	30,675	30,318
2000 final, paid - HK 10 cents per share on 507,293,586 shares (1999 final, paid: HK 10 cents per share on 504,901,413 shares)	50,729	50,490
Additional prior year's final dividend paid on exercise of share options and 2008 warrants subsequent to the issue of the annual report	395	39
	81,799	80,847

The final dividend of HK 10 cents (2000: HK 10 cents) per share has been proposed by the directors and is subject to approval by shareholders in general meeting.

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15. EARNINGS PER SHARE

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

Earnings	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit for the year	35,939	50,792
Earnings for the purposes of basic earnings per share	35,939	50,792
Effect of dilutive potential ordinary shares:		
Adjustment to the share of results of subsidiaries/associates based on dilution of their earnings per share (Note)	—	(4,376)
Earnings for the purposes of diluted earnings per share	35,939	46,416
Number of shares	2001	2000
Weighted average number of ordinary shares for the purposes of basic earnings per share	509,885,312	505,210,911
Effect of dilutive potential ordinary shares:		
Options	5,600,000	4,571,434
Warrants	28,572,775	54,194,947
Weighted average number of ordinary shares for the purposes of diluted earnings per share	544,058,087	563,977,292

Note: The computation of diluted earnings per share for the year ended 31st December, 2001 did not assume the exercise of the right of conversion of the capital convertible note of a subsidiary as the effect of which would increase the profit per share for that year.

16. INVESTMENT PROPERTIES

	In New Zealand and Australia held freehold	In Hong Kong held under long leases	In Hong Kong held under medium- term leases	In other regions of the People's Republic of China ("PRC") held under medium- term leases	In Australia held under long leases	In New Zealand held under short lease	In New Zealand held under long lease	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP								
VALUATION								
At 1st January, 2001	3,899,974	110,000	2,251,000	33,300	97,223	6,874	412,857	6,811,228
Exchange adjustments	(275,640)	—	—	—	(7,650)	(396)	(19,261)	(302,947)
Additions	49,572	—	—	1,433	—	—	1,512	52,517
Reclassified out	—	—	—	—	—	—	(21,691)	(21,691)
(Deficit) surplus on valuation	(202,670)	(11,000)	(101,000)	1,667	1,990	—	7,259	(303,754)
Disposals	(425,519)	—	—	—	—	—	(160,414)	(585,933)
At 31st December, 2001	3,045,717	99,000	2,150,000	36,400	91,563	6,478	220,262	5,649,420
DEPRECIATION								
At 1st January, 2001	—	—	—	—	—	5,295	—	5,295
Exchange adjustments	—	—	—	—	—	(305)	—	(305)
Provided for the year	—	—	—	—	—	1,274	—	1,274
At 31st December, 2001	—	—	—	—	—	6,264	—	6,264
NET BOOK VALUES								
At 31st December, 2001	3,045,717	99,000	2,150,000	36,400	91,563	214	220,262	5,643,156
At 31st December, 2000	4,072,082	110,000	2,251,000	33,300	97,223	1,579	240,749	6,805,933

The Group's investment properties have been revalued as at 31st December, 2001 on an open market value basis by independent professional valuers as follows:

Properties situated in:	Name of independent professional valuer
Hong Kong held under medium-term and long leases	CB Richard Ellis Limited, Independent Professional Valuer
PRC held under medium-term leases	CB Richard Ellis Limited, Independent Professional Valuer
New Zealand and Australia held under long leases	Colliers Jardine Consultancy and Valuation Pty Limited, Jones Lang La Salle Limited, International Property Consultants
New Zealand and Australia held freehold	CB Richard Ellis Limited, Independent Professional Valuer, DTZ Darroch Limited, Jones Lang La Salle Limited, International Property Consultants

The Group's investment properties situated in New Zealand held under short lease are stated at valuation made by the board of directors of the subsidiary.

The above-mentioned valuations have been adopted by the directors in these financial statements and the net deficit arising on revaluation, amounting to HK\$214,511,000, has been debited to the investment properties revaluation reserve.

For the year ended 31st December, 2001

17. PROPERTY, PLANT AND EQUIPMENT

	Properties under development (note a)	Land and buildings (note b)	Furniture, fixtures and equipment (note c)	Motor vehicles (note c)	Plant and machinery	Leasehold improvements	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP							
COST							
At 1st January, 2001	412,582	744	20,120	10,119	2,281	2,419	448,265
Exchange adjustments	(444)	(31)	(516)	(250)	—	—	(1,241)
Additions	87,129	—	5,186	2,414	883	32	95,644
On acquisition of subsidiaries	—	—	681	—	—	46	727
Disposals	(29,957)	(272)	(2,466)	(2,421)	(125)	—	(35,241)
Reclassified out	(200,588)	—	—	—	—	—	(200,588)
At 31st December, 2001	268,722	441	23,005	9,862	3,039	2,497	307,566
DEPRECIATION AND AMORTISATION/IMPAIRMENT							
At 1st January, 2001	25,073	132	14,088	6,588	1,141	2,127	49,149
Exchange adjustments	—	(6)	(351)	(37)	—	—	(394)
Provided for the year	—	19	2,318	1,393	333	202	4,265
Eliminated on disposals	—	(47)	(687)	(2,225)	(87)	—	(3,046)
Reclassified out	(25,073)	—	—	—	—	—	(25,073)
At 31st December, 2001	—	98	15,368	5,719	1,387	2,329	24,901
NET BOOK VALUES							
At 31st December, 2001	268,722	343	7,637	4,143	1,652	168	282,665
At 31st December, 2000	387,509	612	6,032	3,531	1,140	292	399,116

(a) Properties under development

	In other regions of PRC under long lease	In New Zealand and Australia under long lease	Total
	HK\$'000	HK\$'000	HK\$'000
COST			
At 1st January, 2001	404,283	8,299	412,582
Exchange adjustment	34	(478)	(444)
Additions	5,090	82,039	87,129
Disposals	—	(29,957)	(29,957)
Reclassified (out) in	(222,279)	21,691	(200,588)
At 31st December, 2001	187,128	81,594	268,722

17. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Properties under development (Continued)

At 31st December, 2001, the total borrowing costs capitalised to properties under development were HK\$128,462,000 (2000: HK\$126,734,000) of which HK\$1,728,000 (2000: HK\$52,600,000) was incurred during the year. The total amount of depreciation on furniture, fixtures and equipment capitalised to properties under development was HK\$299,000 (2000: HK\$299,000) of which HK\$NIL (2000: HK\$17,000) was charged during the year. The total amount of depreciation on motor vehicles capitalised to properties under development was HK\$1,768,000 (2000: HK\$1,768,000) of which HK\$NIL (2000: HK\$86,000) was charged during the year.

(b) Land and buildings

	In other regions of the PRC under long lease	In the Republic of Indonesia under long lease	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
COST			
At 1st January, 2001	408	336	744
Exchange adjustments	—	(31)	(31)
Disposals	(272)	—	(272)
At 31st December, 2001	136	305	441

(c) At 31st December, 2001, the carrying value of furniture, fixtures and equipment includes an amount of HK\$1,152,000 (2000: HK\$NIL) in respect of assets held under finance leases and the carrying value of motor vehicles includes an amount of HK\$1,419,000 (2000: HK\$1,812,000) in respect of assets held under finance leases.

18. PERMANENT QUOTAS

	THE GROUP
	<i>HK\$'000</i>
COST — at 1st January, 2001 and at 31st December, 2001	85,511
AMORTISATION — at 1st January, 2001 and at 31st December, 2001	(85,511)
CARRYING AMOUNT — at 31st December, 2001 and at 31st December, 2000	—

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19. NEGATIVE GOODWILL

	THE GROUP
	<i>HK\$'000</i>
	(restated)
GROSS AMOUNT	
At 1st January, 2001 and 31st December, 2001	253,906
RELEASED TO INCOME	
At 1st January, 2001	85,867
Released in the year (<i>note 2</i>)	12,266
At 31st December, 2001	98,133
CARRYING AMOUNT	
At 31st December, 2001	155,773
At 31st December, 2000	168,039

The negative goodwill is released to income on a straight-line basis over 20 years, being the estimated remaining weighted average useful life of the assets acquired.

20. INVESTMENTS IN SUBSIDIARIES

	THE COMPANY	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted investments, shares at cost (less amounts written off)	259,461	259,461
Less: Impairment losses recognised	(122,875)	(122,875)
	136,586	136,586

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

20. INVESTMENTS IN SUBSIDIARIES (Continued)

Details of the principal subsidiaries, all of which are companies with limited liability, at 31st December, 2001 are set out as below:

	Place/country of incorporation/ operation	Issued and paid up share capital	Effective percentage of issued equity share capital held by the Company	Principal activities
DIRECT SUBSIDIARY				
Chisel Limited	The British Virgin Islands/ Hong Kong	2 ordinary shares of US\$1 each	100	Investment holding
Modern Tender Limited	The British Virgin Islands	1 ordinary share of US\$1	100	Investment holding
S E A Holdings (NZ) Limited	The British Virgin Islands/ Hong Kong	1 ordinary share of US\$1	100	Investment holding
SEABO Pacific Limited	Bermuda	767,919 ordinary shares of HK\$1 each	100	Investment holding
South-East Asia Investment and Agency Company, Limited	Hong Kong	10,000,000 ordinary shares of HK\$1 each	100	Investment holding
INDIRECT SUBSIDIARY				
AGP Management Pty Ltd.***	Australia	AUD350,000	100	Property and asset management
Asia Pacific Investment and Management Service N.V.***	Netherlands Antilles	US\$6,000	100	Consultancy and management services
Chengdu Huashang House Development Co., Ltd.	PRC *	RMB133,420,000	97	Property development
Cybapolis Limited	Hong Kong	90 ordinary shares of HK\$1 each and 110 Series A Convertible Preferred Shares of HK\$1 each **	68	Software development
DFreedomZone Inc.	The United States of America	808,333 common stock of US\$0.01 each and 191,667 Series A Convertible Preferred Stock of US\$0.01 each **	68	Software development
Guangzhou Yingfat House Property Development Co., Ltd.	PRC *	US\$20,110,000	100	Property development
Guangzhou Yingtat House Property Development Co., Ltd.	PRC *	US\$5,000,000	100	Property development

20. INVESTMENTS IN SUBSIDIARIES (Continued)

	Place/country of incorporation/ operation	Issued and paid up share capital	Effective percentage of issued equity share capital held by the Company	Principal activities
INDIRECT SUBSIDIARY (Continued)				
Handy View Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property investment and garment trading
Polyfull Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property development
Shinning Worldwide Limited	The British Virgin Islands/ Hong Kong	1,000 ordinary shares of US\$1 each	55	Property development
Top Greenery Limited	The British Virgin Islands	1 ordinary share of US\$1	100	Fund management
Trans Tasman Properties Limited ***	New Zealand	598,709,450 shares of no par value	54.8	Property investment and development
UniMilo's Knitwear Company Limited	Hong Kong	10,000,000 ordinary shares of HK\$1 each	60	Garment manufacturing
Wing Siu Company Limited	Hong Kong	2 ordinary shares of HK\$1 each	100	Property investment

Notes:

* These companies are incorporated in the form of Sino-foreign co-operative joint ventures.

** The holders of each of the ordinary shares/common stocks, Series A Convertible Preferred shares/stocks and holders of the preference convertible promissory notes (see note 34(b)), have same voting rights on a one to one basis as specified in respective companies' Memorandum and Articles of Association.

*** The financial statements are not audited by Deloitte Touche Tohmatsu.

Except for the above, none of the subsidiaries had issued any debt securities at the end of the year.

21. INTERESTS IN ASSOCIATES

	THE GROUP	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets – unlisted	16,405	34,779
Goodwill on acquisition of associates	80,396	80,396
Impairment loss recognised (<i>note 2</i>)	(80,396)	(80,396)
	16,405	34,779

Liquidation of Global Property Fund, which was formerly listed in Australia and in which an effective 12.5% equity interest was owned by the Group, commenced on 28th June, 2000. The estimated recoverable amount of this investment amounted to HK\$14,133,000 was reclassified to other investments at 31st December, 2000 as the Group no longer exerted influence on its operation.

The goodwill arose from acquisition of the associates in 2000. As the results after the acquisition of these associates were significantly below the original expectation, the directors were of the opinion that future positive returns from these investments were uncertain and the excess of the purchase consideration over the fair value of the underlying net assets representing goodwill of HK\$80,396,000 was therefore considered as impaired and charged retrospectively to the income statement for the year ended 31st December, 2000.

Details of the Group's associates at 31st December, 2001, all of which are companies with limited liability, are as follows:

Name of associate	Place/country of incorporation/ operation	Class of shares held	Effective percentage of nominal value of issued equity capital held by the Group	Principal activities
e-commerce Logistics Limited	Hong Kong	Ordinary	35	e-fulfillment, warehousing and delivery services
GSB Supplycorp Limited	New Zealand	Ordinary	42	Public sector e-procurement
Professional Service Brokers Limited	New Zealand	Ordinary Preference	42 42	e-Procurement management
Supplynet Limited	New Zealand	Ordinary	40	e-commerce marketplace

22. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	—	—
Loan to a jointly controlled entity	53,376	53,380
Impairment loss recognition	(14,128)	(13,701)
	39,248	39,679

The loans are unsecured and interest free.

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22. INTERESTS IN JOINTLY CONTROLLED ENTITIES (Continued)

As at 31st December, 2001, the Group had interests in the following jointly controlled entities formed as Sino-foreign equity joint ventures:

Name of entity	Country of registration/ operation	Registered capital	Effective percentage of registered equity capital held by the Group	Principal activities
Chengdu Mingqiang Real Estate Co., Ltd.	PRC	US\$6,000,000	50	Property development
Sichuan Jinhong Cement Co., Ltd.	PRC	US\$10,000,000	50	Cement manufacturing

23. OTHER INVESTMENTS**INVESTMENT IN SECURITIES**

	Held to maturity securities		Non-trading securities		Trading securities		Total	
	2001	2000	2001	2000	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (restated)	HK\$'000	HK\$'000	HK\$'000	HK\$'000 (restated)
THE GROUP								
Debt security:								
Listed – overseas	20,000	20,090	—	—	—	—	20,000	20,090
Unlisted	11	47	—	—	—	—	11	47
	20,011	20,137	—	—	—	—	20,011	20,137
Equity securities:								
Listed – Hong Kong	—	—	78,398	102,901	1,892	4,167	80,290	107,068
– overseas	—	—	3,897	22	—	—	3,897	22
Unlisted	—	—	16,246	14,761	18,825	—	35,071	14,761
	—	—	98,541	117,684	20,717	4,167	119,258	121,851
Club debentures/memberships:								
Unlisted	—	—	9,674	10,674	—	—	9,674	10,674
	20,011	20,137	108,215	128,358	20,717	4,167	148,943	152,662
Market value of listed securities	20,518	20,439	82,295	102,923	1,892	4,167	104,705	127,529
Carrying amount analysed for reporting purposes as:								
Current	20,000	—	—	—	20,717	4,167	40,717	4,167
Non-current	11	20,137	108,215	128,358	—	—	108,226	148,495

Included in the non-trading securities is an amount of 15,618,000 (2000: HK\$14,133,000) being the interest in a Global Property Fund reclassified from interest in associate since its liquidation (see note 21).

24. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

THE GROUP

The amounts are unsecured and interest-free. In the opinion of the directors, the amounts will not be demanded for repayment within the next twelve months from the balance sheet date and accordingly, the amounts are shown as non-current.

25. OTHER LOANS RECEIVABLE

THE GROUP

The other loans receivable are secured by mortgages over certain leasehold properties, carry interest at commercial rate and are repayable in accordance with their respective repayment terms.

26. INVENTORIES

	THE GROUP	
	2001	2000
	HK\$'000	HK\$'000
Raw materials	65	664
Work-in-progress	6,387	2,723
Finished goods	903	—
	7,355	3,387

Included above are finished goods of HK\$753,000 (2000: HK\$NIL) carried at net realisable value.

27. PROPERTIES FOR SALE

	THE GROUP	
	2001	2000
	HK\$'000	HK\$'000
Completed	3,489	68,774
Under development	490,105	235,262
	493,594	304,036

Included in the above are completed properties for sale and properties under development for sale of HK\$3,489,000 (2000: HK\$68,774,000) and HK\$490,105,000 (2000: HK\$235,262,000) respectively which are carried at net realisable values.

During the year, HK\$197,206,000 (2000: HK\$31,858,000) were transferred from properties under development.

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28. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group has a policy of allowing an average credit period of 2.5 months to its trade customers.

Included in the Group's debtors, deposits and prepayments are trade debtors of HK\$29,644,000 (2000: HK\$27,562,000), an aged analysis of which at the balance sheet date is as follows:

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	20,273	19,279
61 to 90 days	2,060	3,494
91 to 365 days	6,750	2,774
Over 365 days	561	2,015
	29,644	27,562

29. ADVANCES TO DIRECTORS OF AN INDIRECT SUBSIDIARY

	Mr. Donald I. Fletcher	Mr. R.J. Hodge	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at beginning of the year	1,192	114	1,306
Balance at end of the year	1,074	—	1,074
Maximum amount outstanding during the year	1,192	114	
Interest rate per annum	Nil	4.3%	

The above advances are unsecured and repayable on demand.

30. AMOUNTS DUE FROM (TO) SUBSIDIARIES

THE COMPANY

The amounts are unsecured, non-interest bearing and repayable on demand.

31. AMOUNTS DUE FROM (TO) ASSOCIATES

THE GROUP

The amounts are unsecured, non-interest bearing and repayable on demand.

32. CREDITORS, DEPOSITS AND ACCRUED CHARGES

Included in the Group's creditors, deposits and accrued charges are trade creditors of HK\$39,827,000 (2000: HK\$26,148,000), an aged analysis of which at the balance sheet date is as follows:

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	29,815	18,981
61 to 90 days	3,200	3,982
91 to 365 days	787	2,525
Over 365 days	6,025	660
	39,827	26,148

33. PROVISIONS

	THE GROUP 2001
	<i>HK\$'000</i>
At beginning of year	64,993
Additional provision in the year	1,984
Exchange adjustment	55
At end of year	67,032

The provisions are the compensation, for the delay in handover of rehousing properties to the former commercial unit owners ("affected owners") whose properties have been demolished due to the construction of a property for sale in PRC, and the estimated cost for the permanent relocation of certain of the affected owners who will not have rehousing properties allocated under management's plan. Such provisions are estimated based on management's best estimate by reference to the PRC statutory requirements and other relevant signed agreements.

The compensation will be paid upon completion of the development of that property.

34. BORROWINGS

	THE GROUP	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans and overdrafts		
– secured	3,457,602	4,019,136
– unsecured	200,000	—
Convertible capital notes (<i>note a</i>)	—	142,378
2007 bonds (<i>note a</i>)	134,176	—
Preference convertible promissory notes (<i>note b</i>)	23,400	—
Obligations under finance leases	2,690	1,997
Other loans		
– secured	12,136	—
– unsecured	—	628
Total borrowings	3,830,004	4,164,139
Less: unamortised transactions costs on bank loans raised	(8,100)	—
Total net borrowings	3,821,904	4,164,139

NOTES TO THE FINANCIAL STATEMENTS

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34. BORROWINGS (Continued)

The borrowings are repayable as follows:

	THE GROUP	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans and overdrafts:		
Within one year	1,251,900	859,007
More than one year, but not exceeding two years	41,493	2,269,339
More than two years, but not exceeding five years	1,492,104	625,937
More than five years	872,105	264,853
	3,657,602	4,019,136
Convertible capital notes	—	142,378
2007 bonds	134,176	—
Preference convertible promissory notes	23,400	—
Obligations under finance leases (<i>note 35</i>)	2,690	1,997
Other loans:		
Within one year	5,148	—
More than one year, but not exceeding two years	3,419	354
More than two years, but not exceeding five years	3,569	274
	12,136	628
Unamortised transaction costs on bank loans raised	(8,100)	—
Total	3,821,904	4,164,139
Less: Amounts due within one year shown under current liabilities	(1,257,523)	(859,266)
Amount due after one year	2,564,381	3,304,873
	THE COMPANY	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank loans and overdrafts		
unsecured, due within one year	200,000	—

34. BORROWINGS (Continued)**(a) 2007 bonds/convertible capital notes**

The convertible capital notes ("CCN") originally matured on 27th June, 2004 and bore interest at 9.5% per annum. Upon maturity, the noteholders might elect to convert some or all of the notes into the shares of the issuer subsidiary, Trans Tasman Properties Limited ("TTP"), on a one for one basis and/or redeem some or all of the notes for NZD1 each. TTP reserved the right on maturity to override the noteholders' election to redeem their notes in cash and to allot shares at a discount instead. The notes were unsecured and subordinated to other debts of TTP until conversion.

A meeting of the holders of the CCN of TTP was held on 21st May, 2001, CCN holders resolved to accept the exchange of CCN for 2007 bonds on a one for one basis. The 2007 bonds have a face value of NZD1, carry a 10% per annum interest return and will mature on 27th June, 2007. The conversion was approved by the shareholders.

The 2007 bonds are secured by a floating charge over all the assets of TTP. TTP has the option to redeem the 2007 bonds, in full or on a pro-rata basis, with effect from 27th June, 2003 and thereafter on any interest payment date while the holders of the 2007 bonds have the option to require TTP to redeem 50% of the 2007 bonds with effect from 27th December, 2005.

TTP is a New Zealand public listed investment holding company and 54.8% of the shares in TTP is held by the Group as at 31st December, 2001.

(b) Preference convertible promissory notes

Pursuant to two Senior Convertible Note Purchase Agreements ("Agreements") dated 6th July, 2001 and approved by the board of directors of two indirect subsidiaries of the Company on 31st July, 2001, between the Group and an independent third party ("Investor"), the Group issued Preference Convertible Promissory Notes (the "Notes") with an aggregate principal of USD3,000,000 to the Investor on 1st August, 2001.

The Notesholders also have voting rights in the subsidiaries as specified in the respective subsidiaries' Memorandum and Articles of Association. The Notes bear zero interest rate and will mature on 6th July, 2004, the Notes will be converted into Series B preference shares/stocks of the subsidiaries upon maturity in accordance with the terms of the Agreements. At the option of the holders of the Notes and at any time during the term of the Notes, the holders may convert some or all the principal into the convertible preferred shares/stocks of the subsidiaries.

For the year ended 31st December, 2001

35. OBLIGATIONS UNDER FINANCE LEASES

	THE GROUP			
	Minimum lease payments		Present value of minimum lease payments	
	2001 HK\$'000	2000 HK\$'000	2001 HK\$'000	2000 HK\$'000
Amounts payable under finance leases:				
Within one year	692	408	475	259
In the second to fifth years inclusive	2,457	1,962	2,215	1,738
	3,149	2,370	2,690	1,997
Less: Future finance charges	(459)	(373)	N/A	N/A
Present value of lease obligations (note 34)	2,690	1,997	2,690	1,997

It is the Group's policy to lease certain of its motor vehicles, furniture, fixtures and equipment under finance leases. The average lease term is 4 years. For the year ended 31st December, 2001, the average effective borrowing rate was 7.2% per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

36. OTHER PAYABLES

	THE GROUP	
	2001 HK\$'000	2000 HK\$'000
The maturity of other payables is as follows:		
Within one year	4,715	17,854
More than two years, but not exceeding five years	18,859	18,843
	23,574	36,697
Less: Amounts due within one year shown under current liabilities	(4,715)	(17,854)
Amount due after one year	18,859	18,843

37. SHARE CAPITAL

Movements during the year in the share capital of the Company were as follows:

	Number of shares		Share capital	
	2001	2000	2001	2000
			<i>HK\$'000</i>	<i>HK\$'000</i>
Ordinary shares of HK\$0.1 each:				
Authorised:				
At beginning and end of year	1,000,000,000	1,000,000,000	100,000	100,000
Issued and fully paid:				
At beginning of year	507,293,586	504,901,413	50,729	50,490
Shares issued on exercise of share options	—	2,000,000	—	200
Shares issued on exercise of warrant subscription rights	3,953,282	392,173	396	39
At end of year	511,246,868	507,293,586	51,125	50,729

Notes:

- (a) During the year, certain holders of warrants exercised their rights to subscribe for 3,953,282 (2000: 392,173) ordinary shares at an exercise price of HK\$1.38 per share.
- (b) In 2000, certain option holders of the Company's Employee Share Option Scheme exercised their options to subscribe for 2,000,000 ordinary shares at an exercise price of HK\$1.85 per share.
- (c) Warrants
The Company had outstanding warrants expiring in 2008 entitling the registered holders to subscribe in cash for fully paid shares of HK\$0.1 each of the Company at a subscription price of HK\$1.38 per share, subject to adjustment, until 3rd December 2008. As at the balance sheet date, the aggregate par value of shares issuable against the outstanding warrants amounted to HK\$12,101,985 (2000: HK\$12,497,314) and the amount receivable by the Company upon full exercise of the warrants amounted to HK\$167,007,394 (2000: HK\$172,462,925).
- Exercise in full of the rights attached to the 2008 warrants still outstanding at the balance sheet date would, under the present capital structure of the Company, result in the issue of 121,019,853 (2000: 124,973,135) additional shares of HK\$0.1 each.
- (d) Shares options
At 31st December, 2001, the following share options to subscribe for shares were outstanding under the Company's Employee Share Option Scheme.

Date of grant	Exercisable period	Price per share to be paid on exercise of option	Number of options outstanding at beginning and end of year
		<i>HK\$</i>	
11.8.1992	11.8.1992 - 10.8.2002	1.85	21,000,000
18.11.1993	18.11.1993 - 17.11.2003	2.78	13,500,000
21.2.1994	21.2.1994 - 20.2.2004	4.40	2,200,000
4.12.2000	4.12.2000 - 3.12.2010	1.44	28,000,000
Gross total			64,700,000

No options were granted or exercised during the year.

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38. RESERVES

	Share premium	Investment property revaluation reserve	Translation reserve	Investments revaluation reserve	Capital reserve	Capital redemption reserve	Contributed surplus	Dividend reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP										
At 1st January, 2000										
– as original stated	146,526	660,196	(92,096)	(7,012)	237,709	4,451	277,707	—	2,005,492	3,232,973
– prior period adjustment (see Note 2)	—	—	—	—	(237,709)	—	—	50,490	57,404	(129,815)
As restated	146,526	660,196	(92,096)	(7,012)	—	4,451	277,707	50,490	2,062,896	3,103,158
Revaluation surplus arising on investment properties	—	9,237	—	—	—	—	—	—	—	9,237
Released upon liquidation of an associate	—	—	(395)	—	—	—	—	—	—	(395)
Released upon disposal of investment properties	—	23,684	—	—	—	—	—	—	—	23,684
Exchange movement during the year	—	—	(104,236)	—	—	—	—	—	—	(104,236)
Premium on issue of shares upon exercise of Employees' options	3,500	—	—	—	—	—	—	—	—	3,500
Premium on issue of shares upon exercise of 2008 warrant rights	502	—	—	—	—	—	—	—	—	502
Unrealised holding loss on investments in securities	—	—	—	(27,687)	—	—	—	—	—	(27,687)
Net profit for the year	—	—	—	—	—	—	—	—	50,792	50,792
Dividends for 2000	—	—	—	—	—	—	—	81,086	(81,086)	—
Dividends paid	—	—	—	—	—	—	—	(80,847)	—	(80,847)
At 31st December, 2000	150,528	693,117	(196,727)	(34,699)	—	4,451	277,707	50,729	2,032,602	2,977,708
Revaluation deficit arising on investment properties	—	(214,511)	—	—	—	—	—	—	—	(214,511)
Realised upon disposal of investment properties	—	(8,756)	—	—	—	—	—	—	—	(8,756)
Exchange movement during the year	—	—	(111,323)	—	—	—	—	—	—	(111,323)
Premium on issue of shares upon exercise of 2008 warrant rights	5,060	—	—	—	—	—	—	—	—	5,060
Unrealised holding loss on investments in securities	—	—	—	(28,503)	—	—	—	—	—	(28,503)
Net profit for the year	—	—	—	—	—	—	—	—	35,939	35,939
Dividends for 2001	—	—	—	—	—	—	—	82,195	(82,195)	—
Dividends paid	—	—	—	—	—	—	—	(81,799)	—	(81,799)
At 31st December, 2001	155,588	469,850	(308,050)	(63,202)	—	4,451	277,707	51,125	1,986,346	2,573,815

38. RESERVES (Continued)

	Share premium	Investment property revaluation reserve	Translation reserve	Investments revaluation reserve	Capital reserve	Capital redemption reserve	Contributed surplus	Dividend reserve	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE COMPANY										
At 1st January, 2000										
– as original stated	146,526	—	—	—	—	4,451	190,081	—	1,932,524	2,273,582
– prior period adjustment (see Note 2)	—	—	—	—	—	—	—	50,490	—	50,490
As restated	146,526	—	—	—	—	4,451	190,081	50,490	1,932,524	2,324,072
Premium on issue of shares upon exercise of 2008 warrant rights	502	—	—	—	—	—	—	—	—	502
Premium on issue of shares upon exercise of Employees' options	3,500	—	—	—	—	—	—	—	—	3,500
Net profit for the year	—	—	—	—	—	—	—	—	15,732	15,732
Dividends for 2000	—	—	—	—	—	—	—	81,086	(81,086)	—
Dividends paid	—	—	—	—	—	—	—	(80,847)	—	(80,847)
At 31st December, 2000	150,528	—	—	—	—	4,451	190,081	50,729	1,867,170	2,262,959
Premium on issue of shares upon exercise of 2008 warrant rights	5,060	—	—	—	—	—	—	—	—	5,060
Net loss for the year	—	—	—	—	—	—	—	—	(54,928)	(54,928)
Dividends for 2000	—	—	—	—	—	—	—	82,195	(82,195)	—
Dividends paid	—	—	—	—	—	—	—	(81,799)	—	(81,799)
At 31st December, 2001	155,588	—	—	—	—	4,451	190,081	51,125	1,730,047	2,131,292

Included in the above is the Group's share of post-acquisition accumulated losses of its associates, as follows:

	Accumulated (losses) profits
	HK\$'000
At 1st January, 2000	(19,762)
Net profit for the year	12,202
Movement during the year	(1,524)
At 31st December, 2000	(9,084)
Net loss for the year	(15,407)
Movement during the year	6,813
At 31st December, 2001	(17,678)

38. RESERVES (Continued)

Included in the above is the Group's share of the post-acquisition accumulated losses of its jointly controlled entities as follows:

	Accumulated (losses) profits
	<i>HK\$'000</i>
At 1st January, 2000	(19,616)
Net profit for the year	22
At 31st December, 2000	(19,594)
Net loss for the year	(427)
At 31st December, 2001	(20,021)

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued for their acquisition at the time of the group reorganisation.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at 31st December, 2001 were as follows:

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contributed surplus	190,081	190,081
Accumulated profits	1,730,047	1,867,170
Dividend reserve	51,125	50,729
	1,971,253	2,107,980

39. DEFERRED TAXATION

Deferred taxation payable at 31st December, 2000, represented the provision for taxation effect of timing differences due to deferred exchange gain.

The amount of the unprovided deferred tax asset (liability) for the year is as follows:

	THE GROUP		THE COMPANY	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accelerated depreciation allowances	(32,392)	(41,835)	—	—
Tax losses	125,815	107,748	1,874	1,656
Other timing differences	(6,052)	(17,983)	—	—
	87,371	47,930	1,874	1,656

The amount of the unprovided deferred tax credit (charge) of the Group for the year is as follows:

	THE GROUP	
	2001	2000
	HK\$'000	HK\$'000
Accelerated depreciation allowances	9,443	8,044
Tax losses arising (utilised)	18,067	(8,555)
Other timing differences	11,931	(42,589)
	39,441	(43,100)

The net deferred tax asset has not been recognised in the financial statements as it is not certain that the net deferred tax benefit will be utilised in the foreseeable future.

Deferred tax has not been provided on the revaluation surplus arising on the valuation of investment properties situated in Hong Kong and investments in non-trading securities as profits arising on the disposal of these assets would not be subject to taxation. Accordingly, such revaluation does not constitute a timing difference for tax purposes.

Deferred tax has not been provided on the revaluation surplus arising on the revaluation of properties in PRC as it is not expected that the potential deferred taxation liability will crystallise in the foreseeable future.

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

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i> (as restated)
Profit before taxation	74,364	107,255
Impairment loss recognised in respect of goodwill on acquisition of subsidiaries	823	—
Gain on liquidation of an associate	—	(395)
Release of negative goodwill	(12,266)	(12,266)
Share of results of associates	15,407	(12,202)
Share of results of jointly controlled entities	427	(22)
Impairment loss recognised in respect of goodwill on acquisition of associates	—	80,396
Depreciation and amortisation	5,539	5,402
Interest expenses	270,764	300,871
Bad debts written off	2,127	1,055
Loss on disposal of subsidiaries	—	26,277
Loss on disposal of investment properties	46,461	42,940
Provision for mortgage loans receivable	—	9,423
Provision for impairment in respect of properties under development	—	6,562
Loss on disposal of property, plant and equipment	4,690	657
Net realised and unrealised gain on investments in securities	(2,782)	—
Gain on deemed disposal of an associate	(1,990)	—
Provision for other loan receivables written back	(214)	—
Loss on dilution of interests in subsidiaries	1,354	—
Increase in inventories	(3,968)	(646)
Increase in amounts due from associates	(7,583)	—
Decrease in properties for sale	14,132	55,068
Increase in other investments	(16,550)	(4,167)
(Increase) decrease in debtors, deposits and prepayments	(81,514)	30,073
Decrease in advances to directors of an indirect subsidiary	232	79
(Decrease) increase in creditors, deposits and accrued charges	(27,905)	22,187
Increase in sales deposits on properties for sales under development received	72,464	—
Exchange difference	(8,411)	(42,446)
Net cash inflow from operating activities	345,601	616,101

41. PURCHASES OF SUBSIDIARIES

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET ASSETS ACQUIRED		
Property, plant and equipment	727	—
Properties for sale	4,445	—
Debtors, deposits and prepayments	290	—
Bank balances and cash	3,937	—
Creditors, deposits and accrued charges	(1,216)	—
Amounts due to group companies	(7,787)	—
Minority interests	(127)	—
	269	—
Goodwill	823	—
	1,092	—
Satisfied by:		
Cash consideration	1,000	—
Carrying value of associates prior to becoming subsidiaries on acquisition	92	—
	1,092	—

Analysis of the net inflow of cash and cash equivalents in respect of the purchase of subsidiaries:

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash consideration paid	(1,000)	—
Cash and cash equivalents acquired	3,937	—
Net inflow of cash and cash equivalents in respect of the purchase of subsidiaries	2,937	—

The subsidiaries acquired in 2001 utilised HK\$10,469,000 to the Group's net operating cash flows, raised HK\$2,000,000 for investing activities and raised HK\$23,400,000 in respect of financing activities during the year.

The subsidiaries acquired in 2001 contributed HK\$64,000 to the Group's turnover and HK\$11,793,000 to the Group's operating loss for the year.

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42. DISPOSAL OF SUBSIDIARIES

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
NET ASSETS DISPOSED OF		
Investment properties	—	129,162
Debtors, deposits and prepayments	—	6,426
Creditors, deposits and accrued charges	—	(1,127)
Minority interests	—	189
	—	134,650
Loss on disposal of subsidiaries	—	(26,277)
	—	108,373
Satisfied by:		
Cash consideration	—	108,869
Balance of consideration offset by creditors and accrued charges	—	(496)
	—	108,373

Analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash consideration	—	108,869

The subsidiary disposed of in 2000 had no significant contribution to the Group's cash flows, the Group's turnover or the Group's profit from operations for that year.

43. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital and share premium	Bank and other borrowings	Minority interests	Amounts due to associates
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January, 2000	197,016	5,249,228	1,721,702	—
Net cash inflow (outflow) from financing	4,241	(549,942)	(58,759)	18,570
Inception of finance lease	—	2,339	—	—
On disposal of subsidiaries	—	—	189	—
Minority's share of profit and reserves	—	—	(248,020)	—
Exchange differences	—	(538,429)	—	—
Balance at 31st December, 2000	201,257	4,163,196	1,415,112	18,570
Net cash inflow (outflow) from financing	5,456	(228,417)	(17,016)	(7,969)
Inception of finance leases	—	1,242	—	—
On acquisition of subsidiaries	—	—	127	—
On disposal of an associate	—	—	(1,990)	—
Minority's share of profit and reserves	—	—	(160,354)	—
Exchange differences	—	(114,117)	—	—
Balance at 31st December, 2001	206,713	3,821,904	1,235,879	10,601

44. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$1,242,000 (2000: HK\$2,339,000).

45. COMMITMENTS

At the balance sheet date, the Group had capital commitments not provided for in the financial statements in respect of expenditure to be incurred on properties as follows:

	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong		
Authorised but not contracted for	328,100	288,200
Contracted for but not provided for in the financial statements	31,031	30,756
Other regions of the PRC		
Authorised but not contracted for	389,614	593,980
Contracted for but not provided for in the financial statements	110,470	76,670
New Zealand and Australia		
Authorised but not contracted for	870	39,332
Contracted for but not provided for in the financial statements	11,525	32,860

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45. COMMITMENTS (Continued)**The Group as lessee**

At the balance sheet date, the Group had commitments for future minimum lease payment under non-cancellable operating leases in respect of rented premises which fall due as follow:

	THE GROUP	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	10,832	16,932
In the second to fifth years inclusive	9,288	30,114
Over five years	21,624	45,362
	41,744	92,408

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of six years with fixed monthly rentals.

The Group as lessor

Property rental income earned during the year was HK\$458 million (2000: HK\$502 million). Certain of the Group's properties held for rental purposes, with a carrying amount of HK\$586 million, have been disposed of during the year. The remaining properties are expected to generate rental yields of 7% on an ongoing basis. All of the properties held have committed tenants for an average of six years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	THE GROUP	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	418,140	444,604
In the second to fifth years inclusive	902,671	1,131,786
Over five years	520,319	746,248
	1,841,130	2,322,638

Included in the above, minimum lease payments from one of the leases is based on specified percentage of the estimated revenue to be recognised by the tenant. Adjustment on rental will be made according to the actual revenue generated by that tenant.

The Company did not have any capital commitments or non-cancellable operating lease commitments or lease arrangements at the balance sheet date.

46. CONTINGENT LIABILITIES

At the balance sheet date, the Group acted as guarantor for the repayment of the bank loans granted to purchasers of the Group's properties under development for sale amounting to HK\$22,802,000 (2000: HK\$Nil). The guarantee will be released upon completion of the construction of the properties and the relevant property ownership certificate is issued by the relevant authority.

At the balance sheet date, the Company did not have any significant contingent liabilities.

47. RETIREMENT BENEFITS SCHEME

The Group provides a defined contribution provident fund scheme for the benefit of its eligible employees in Hong Kong. The assets of the scheme are held separately from those of the Group under a trust administered by an independent trustee. The Group's contributions to this scheme, calculated at rates specified in the rules of the scheme, are recognised as expenses as incurred and may be reduced by contributions forfeited for those employees who have joined the scheme but left it prior to their entitlements becoming fully vested.

Forfeited contributions for the year amounting to HK\$37,000 (2000: HK\$601,000) can be used to reduce the level of contributions. Total contributions to the provident fund scheme for the year charged to the income statement amounted to HK\$1,884,000 (2000: HK\$1,599,000).

This scheme has now been closed to new employees as a consequence of the Mandatory Provident Fund Pension legislation introduced by the Hong Kong Government. Staff in Hong Kong joining the Group after 1st December, 2000 are required to join the Mandatory Provident Fund.

All Hong Kong staff employed by the Group before 1st December, 2000 were allowed a choice as to whether to join the Mandatory Provident Fund or remain under the Group's provident fund scheme. The Group contributes 5% or HK\$1,000, whichever is lower, to 15% of the remuneration, while the employees contribute 5% of the remuneration or HK\$1,000 per month to the Mandatory Provident Fund.

The Group also operates a defined contribution plan (the "Plan") for eligible employees in the United States of America ("USA"). All employees in USA are eligible to participate in the Plan. Participants may contribute a percentage of compensation up to the maximum permitted by the relevant rules in USA. The Group may make discretionary matching contributions. Total contributions to the plan for the year charged to the income statement amounted to HK\$9,000 (2000: HK\$Nil).

48. PLEDGE OF ASSETS

At the balance sheet date, the Group had the following mortgages and/or pledges over its assets to secure banking facilities and other loans granted to the Group.

- (a) Fixed and floating charges on investment properties with an aggregate book value of HK\$5,606,756,000 (2000: HK\$6,772,633,000).
- (b) Properties for sale with an aggregate book value of HK\$140,411,000 (2000: HK\$215,179,000).
- (c) Properties under development with an aggregate book value of HK\$58,538,000 (2000: HK\$Nil).
- (d) Bank deposits of HK\$1,038,946,000 (2000: HK\$823,871,000).
- (e) The listed shares in a subsidiary.
- (f) Unlisted shares in a subsidiary.