

SIGNIFICANT INVESTMENTS HELD

During the year, the Group disposed various properties including mainly the vacant site at Sharp Street East and 8 Russell Street Office portion. Save as mentioned in above, there is no material change in the significant investments held by the Group.

DETAILS OF MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There is no material acquisition and disposal of subsidiaries and associated companies during the year.

LIQUIDITY AND FINANCIAL RESOURCES

During the year, various properties including the vacant site at Sharp Street East and 8 Russell Street office portion were disposed, the net proceeds of the sale have been applied to repay the bank borrowings.

With the development of 38 Russell Street extension and 8 Russell Street Building to the completion stage, the net cash outflow for investing activities for addition of properties decreased in the year, to approximately HK\$86,768,000 (2000: HK\$126,919,000).

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2001, properties of the Group with an aggregate net book value of approximately HK\$2,002,792,000 (2000: approximately HK\$2,741,460,000) and bank deposits of HK\$5,840,000 (2000: HK\$Nil) were pledged to bank creditors to secure banking facilities for the Group.

CONTINGENT LIABILITIES

According to the Debt Restructure Agreement dated 8 May 2000, the Company has issued to its bankers 184,381,339 units of unlisted warrants, pursuant to which the Company has guaranteed the bankers a minimum return on the exercise of each warrant. The maximum liability of the Company in this regard is approximately HK\$18,000,000 (2000: HK\$18,000,000).

The two property related proceedings relating to the sale and purchase of certain properties involving two wholly owned subsidiaries of the Company are still on-going. According to a Judgement dated 3 December 2001, it was ordered that the relevant agreements relating to one of such proceedings wherein the subsidiary of the Company is the plaintiff thereof be rescinded and the deposit of HK\$33,000,000 be refunded to the subsidiary of the Company. The Defendants of such proceeding have lodged an appeal against such court order. There is no material changes to the other proceeding wherein the subsidiary of the Company is the defendant thereof since the publication of the 2001 Interim Report. According to the latest legal advice taken by the Company, the subsidiaries of the Company and their respective shareholders would not, in any event, incur any further liability other than the deposits of HK\$33,000,000 and HK\$65,000,000 and/or costs.

SEGMENT INFORMATION

The analysis of the principal activities and the operating results of the Group during the financial year are set out as follows:

For the year ended 31 December 2001

	Segment Revenue		Segment Result	Inter-segment transactions	Contribution from operation
	External customers	Inter-segment			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property development	612,958	—	(83,233)	—	(83,233)
Property leasing	88,285	2,445	74,897	4,195	79,092
Telecommunications	—	—	(145,248)	—	(145,248)
Others	10,347	16,295	(11,015)	(4,195)	(15,210)
Elimination	—	(18,740)	—	—	—
Total	711,590	—	(164,599)	—	(164,599)
Unallocated income and expenses					73,083
Loss from operations					(91,516)
Finance costs					(145,364)
Share of profits less losses of associates					12
Taxation					(3,053)
Minority interests					2,091
Net loss for the year					(237,830)

For the year ended 31 December 2000

	Segment Revenue		Segment Result HK\$'000	Inter-segment transactions HK\$'000	Contribution from operation HK\$'000
	External customers HK\$'000	Inter-segment HK\$'000			
Property development	139,710	—	(81,857)	200	(81,657)
Property leasing	75,145	3,435	64,480	1,830	66,310
Telecommunications	—	—	(31,629)	—	(31,629)
Others	12,974	12,435	2,483	(2,030)	453
Elimination	—	(15,870)	—	—	—
Total	227,829	—	(46,523)	—	(46,523)
Unallocated income and expenses					(96,697)
Loss from operations					(143,220)
Finance costs					(146,520)
Share of profits less losses of associates					13,164
Taxation					(1,200)
Minority interests					3,057
Net loss for the year					(274,719)

As all the Group's turnover and operating results were derived in Hong Kong, analysis by geographical segments is not presented.

EMPLOYEES REMUNERATION

The Group offers its employees competitive remuneration packages. During the year, share options were granted to various directors and employees on a performance related basis.