

## 1 Principal Accounting Policies

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

### (a) Basis of preparation

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

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

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 26	:	Segment reporting
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting for investments in subsidiaries

The effect of adopting these SSAPs are set out in the accounting policies below.

### (b) Basis of consolidation

The Group accounts incorporate the accounts of the Company and all its subsidiary companies made up to 30 June and include the Group's share of the results for the year and undistributed post-acquisition reserves of associated companies and jointly controlled entities. The results of subsidiary companies acquired or disposed of during the year are dealt with in the consolidated profit and loss account from the effective dates of acquisition or to the effective dates of disposal respectively.

All material intra-group transactions, including unrealised profits arising from intra-group construction contracts, sales of properties and interest income on loans and advances, have been eliminated on consolidation.

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

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

**(c) Subsidiary companies**

A company is a subsidiary company if the Group controls more than half of the voting power, controls the composition of the board of directors or holds more than half of the issued share capital. Provision is made when, in the opinion of directors, there is any impairment loss.

The Company's investments in subsidiary companies are carried at cost or at Directors' valuation less provision for impairment losses. The results of subsidiary companies are accounted for by the Company on the basis of dividends received and receivable.

**(d) Associated companies**

An associated company is a company other than a subsidiary company and a jointly controlled entity, in which the Group's interest is held for the long term and substantial and significant influence is exercised through representatives on the board of directors.

The Group's investments in associated companies are stated at the Group's share of net assets and goodwill/negative goodwill (net of accumulated amortisation) on acquisition. The Company's investments in associated companies are carried at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividends received and receivable.

**(e) Jointly controlled entities**

A jointly controlled entity is a joint venture established as a corporation, partnership or other entity in which the venturers have their respective interests and establish a contractual arrangement among them to define their joint control over the economic activity of the entity.

The Company's interests in jointly controlled entities are classified as long term investments and are stated at cost less provision for impairment losses. The results of jointly controlled entities are accounted for by the Company on the basis of dividends received and receivable.

The Group's interests in jointly controlled entities are stated at cost plus the Group's share of their post-acquisition results and reserves and goodwill/negative goodwill (net of accumulated amortisation) on acquisition less provision for impairment losses. The share of post-acquisition results and reserves is based on the relevant profit sharing ratios which vary according to the nature of the jointly controlled entities explained as follows:

**(i) Equity joint ventures**

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

**(ii) Co-operative joint ventures**

Co-operative joint ventures are joint ventures in respect of which the venturers' profit sharing ratios and share of net assets upon the expiration of the joint venture periods are not in proportion to their capital contribution ratios but are as defined in the joint venture contracts. Where the Group is not entitled to share the net assets of a co-operative joint venture at the end of the joint venture period, the cost of investment in such co-operative joint venture is amortised over the joint venture period.

**(iii) Companies limited by shares**

Companies limited by shares are limited liability companies in respect of which each shareholder's beneficial interests therein is in accordance with the amount of the voting share capital held thereby.

## 1 Principal Accounting Policies (continued)

### (f) Joint ventures in the People's Republic of China

#### (i) Equity joint ventures

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiary companies (where the Group controls either the voting power or the composition of the board of directors) or as jointly controlled entities (where the Group and the other venturers of the equity joint ventures established joint control over the economic activity thereof).

#### (ii) Co-operative joint ventures

The Group's investments in these Sino-foreign joint ventures are accounted for as subsidiary companies (where the Group controls either the voting power or the composition of the board of directors) or as jointly controlled entities (where the Group and the other venturers of the co-operative joint ventures established joint control over the economic activity thereof).

### (g) Goodwill/negative goodwill

#### (i) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the attributable net assets of the subsidiary companies, jointly controlled entities or associated companies acquired.

Goodwill on acquisitions of subsidiary companies occurring on or after 1 July 2001 is classified separately in the balance sheet. Goodwill on acquisitions of associated companies or jointly controlled entities occurring on or after 1 July 2001 is included in investments in associated companies or jointly controlled entities. Goodwill is amortised using the straight-line method over its estimated useful life of not more than 20 years.

Goodwill on acquisitions that occurred prior to 1 July 2001 was taken to reserves. The Group has adopted the transitional provision in SSAP 30 whereby goodwill previously taken to reserves has not been restated but is subject to impairment evaluation in accordance with SSAP 31. In accordance with the transitional provisions of SSAP 30, where an impairment loss has arisen since the date of acquisition in relation to goodwill previously taken to reserves, and where there was previously not a policy to recognise such impairment losses, the change in accounting policy to recognise such impairment losses has been applied retrospectively and dealt with as a prior year adjustment. The comparative figures for 2001 have been restated to conform to the change in accounting policy. As detailed in Note 26, the opening retained profits as at 1 July 2001 have been reduced by HK\$174.1 million which is the amount of goodwill impairment losses written off for the year ended 30 June 2001.

#### (ii) Negative goodwill

Negative goodwill represents the excess of the fair value of the attributable net assets acquired over the cost of acquisition.

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

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

**(h) Turnover**

Group turnover represents all revenues from rental, property sales, construction and engineering, hotel and restaurant operations, infrastructure operations, telecommunication services, department store operations, financial services, property management, security service, transportation and other services.

**(i) Revenue recognition**

Revenue is recognised when it is probable that future economic benefits will accrue to the Group and these benefits can be measured reliably on the following bases:

**(i) Rental income**

Rental income is recognised on a straight-line accrual basis over the terms of lease agreements.

**(ii) Property sales**

Revenue from sale of properties is recognised either when the sale agreement is completed or when the development is completed which is determined by the issuance of the relevant occupation permit, whichever is the later. Deposits and instalments received on properties sold prior to their completion are included in current liabilities.

**(iii) Joint property development projects**

Revenue from joint property development projects is recognised either when the sale agreement is completed or when the relevant project is completed which is determined by the issuance of occupation permit, whichever is the later and in the case of multi-phase development projects, on completion of a distinct phase.

**(iv) Construction and engineering**

Revenue from construction and engineering service contracts is recognised using the percentage of completion method when the contracts have progressed to a stage where a profitable outcome can be prudently foreseen and is measured by reference to the proportion of costs incurred for work performed to the balance sheet date as compared to the estimated total costs to completion. Anticipated losses on contracts are fully provided when identified.

## **1 Principal Accounting Policies** (continued)

### **(i) Revenue recognition** (continued)

#### **(v) Hotel and restaurant operations**

Revenue from hotel and restaurant operations is recognised upon provision of the services.

#### **(vi) Infrastructure operations**

Toll revenue from road and bridge operations, income from cargo, container handling and storage are recognised when services are rendered.

#### **(vii) Telecommunication services**

Subscription fee and services income from provision of telecommunication services is recognised when services are rendered and based on the usage of the digital mobile radio telephone network and facilities. Revenue from sale of telecommunication equipment and accessories is recognised when goods are delivered and title has passed. Telecommunication revenue in respect of standard service plans billed in advance at year end is deferred and recognised on a straight-line basis over the relevant service agreement period.

#### **(viii) Service fee income**

Property management service fee, property letting agency fee, transportation service fees and security service fee are recognised when services are rendered.

#### **(ix) Sale of goods**

Income from sale of goods in the department store operations is recognised upon delivery of goods.

#### **(x) Interest income**

Interest income is recognised on a time proportion basis. Interest received and receivable in respect of loan financing provided to associated companies, equity and co-operative joint ventures (where they are not accounted for as subsidiary companies) during their pre-operational period are deferred and amortised over the repayment periods.

#### **(xi) Income from investments in other joint ventures**

Income from investments in and loans to other joint ventures is recognised on an accrual basis so as to provide a constant return on the investment and loan balance (net of capital repayments) on a combined basis, over the joint venture periods.

#### **(xii) Dividend income**

Dividend income is recognised when the shareholder's right to receive payment is established.

**(j) Assets under leases****(i) Finance leases**

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. Finance leases are capitalised at the inception of the leases at the lower of the fair value of the leased assets or the present value of the minimum lease payments. Each lease payment is allocated between the capital and finance charges so as to achieve a constant rate on the capital balances outstanding. The corresponding rental obligations, net of finance charges, are included in long term liabilities. The finance charges are charged to the profit and loss account over the lease periods.

Assets held under finance leases are depreciated on the basis described in Note 1(k)(v).

**(ii) Operating leases**

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

**(k) Fixed assets****(i) Investment properties**

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and are held for their investment potential. Investment properties are stated at their open market value based on an annual professional valuation at the balance sheet date. Increases in valuation are credited to the investment property revaluation reserve; decreases are first set off against earlier revaluation surpluses on a portfolio basis and thereafter charged to the profit and loss account. Upon sale of an investment property, the revaluation surplus realised is transferred to operating profit. No depreciation is provided on investment properties held on leases of more than twenty years.

**(ii) Hotel properties**

Hotel properties are interests in land and buildings and their integral fixed plant which are collectively used in the operation of hotel. They are stated at their open market value based on an annual professional valuation at the balance sheet date. No depreciation is provided on hotel properties held on leases of more than twenty years. It is the Group's practice to maintain the buildings in a continual state of sound repairs and to make improvements thereto from time to time and accordingly, the Directors consider that given the estimated lives of the hotel properties, any depreciation would be insignificant due to their high residual value. Such expenditure on repairs and improvements is charged to profit and loss account in the year in which they are incurred.

**(iii) Assets under construction**

All direct and indirect costs relating to the construction of fixed assets including financing costs and foreign exchange differences on the related borrowed funds during the construction period are capitalised as the costs of the fixed assets.

**(iv) Other fixed assets**

Other fixed assets, comprising land and building, toll roads, bridges and port facilities and other assets, are stated at cost or carrying value less accumulated depreciation and accumulated impairment losses.

## 1 Principal Accounting Policies (continued)

### (k) Fixed assets (continued)

#### (v) Depreciation

No depreciation is provided on assets under construction.

Depreciation of toll roads and toll bridges is provided for using sinking fund method or the straight-line method. For the sinking fund method, annual depreciation amounts compounded at rates ranging from 2% to 13% per annum will equal the costs of the relevant toll roads and toll bridges, at the expiry of the relevant joint venture periods. Certain toll roads and toll bridges are depreciated at rates sufficient to write off their costs less accumulated impairment losses on a straight-line basis over their remaining toll collection periods ranging from 21 to 28 years.

Depreciation of other fixed assets is calculated to write off their cost or carrying value less accumulated impairment losses over their estimated useful lives or, if shorter, the relevant finance lease periods, using the straight-line method. Estimated useful lives are summarised as follows:

Land held on long lease	Unexpired period of the lease
Buildings held on long lease land	40 years
Land and buildings held on medium term lease	Unexpired period of the lease
Port facilities	7 to 44 years
Other assets	3 to 14 years

#### (vi) Maintenance of fixed assets

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

#### (vii) Impairment and gain or loss on sale

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

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

**(l) Other investments**

Other investments are long term investments other than subsidiary companies, associated companies and jointly controlled entities.

**(i) Investment securities**

Investment securities are held for non-trading purpose and are stated at fair value at the balance sheet date using the alternative method under the provisions of SSAP 24 issued by the HKSA. Fair value is estimated by the Directors by reference to market price or, in case of unquoted investments, net asset value of the respective investment. Changes in fair value of individual securities are credited or debited to the investments revaluation reserve until the security is sold. Where the Directors determine that there is an impairment loss, it is removed from the investments revaluation reserve and recognised in the profit and loss account.

Upon disposal, the gain or loss representing the difference between net sales proceeds and the carrying amount of the relevant security, together with any surplus or deficit transferred from the investments revaluation reserve, is dealt with in the profit and loss account. Impairment loss previously transferred from the investments revaluation reserve to the profit and loss account are written back in the profit and loss account when the circumstances and events leading to the impairment cease to exist.

**(ii) Investments in joint development projects**

Investments in joint development projects are stated at cost less accumulated amortisation and accumulated impairment losses. Cost includes development costs and other charges capitalised during the course of development. Amortisation is provided on a straight-line basis over the terms of the respective projects.

**(iii) Other joint ventures**

Where investment income derived from investments in and loans to joint ventures is predetermined in accordance with the provisions of the joint venture contracts for a substantial portion of the joint venture period, these co-operative joint ventures are accounted for as other joint ventures. Other joint ventures are carried at cost less capital repayments received.

**(m) Properties held for sale, stocks and contracts in progress**

Properties held for sale are valued at cost comprising land cost, development expenditure, professional fees and interest capitalised less any provision for possible loss.

Stocks are valued at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

Contracts in progress is stated at cost plus attributable profits recognised on the basis set out in Note 1 (i)(iv) above, less provision for anticipated losses and progress payments received and receivable.



## **1 Principal Accounting Policies** (continued)

### **(n) Provisions**

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

### **(o) Contingent liabilities and contingent assets**

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

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

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

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

### **(p) Deferred taxation**

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

### **(q) Capitalisation of interest and finance charges**

Interest and finance charges on borrowings relating to assets under construction and properties under development, after elimination of intra-group interest charges, are included in the project cost and cost of development during the relevant period of construction and development respectively.

Borrowing costs and foreign exchange differences which are deemed borrowing costs incurred by the Group on the related borrowed funds which have been used to finance the construction of fixed assets by the associated companies and jointly controlled entities, are capitalised as the carrying value of these associated companies and jointly controlled entities.

**(r) Pensions and retirement benefits****(i) Defined contribution schemes**

The Group's contributions to these schemes are expensed as incurred.

**(ii) Defined benefit schemes**

Retirement benefit expenses are charged to the profit and loss account as incurred and are determined based on the value of the retirement scheme assets and the actuarial valuation of accrued pension obligations. The Group has an obligation to ensure that there are sufficient funds in these plans to pay the benefits earned. The annual contributions are determined by a qualified actuary using the projected unit credit method.

**(s) Foreign currencies**

Foreign currency transactions during the year are converted at exchange rates ruling at the transaction dates. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies and the accounts of overseas subsidiary companies, associated companies and jointly controlled entities are translated into Hong Kong dollars at exchange rates ruling at that date. Exchange differences arising from the translation of the accounts of overseas subsidiary companies, associated companies and jointly controlled entities are dealt with through reserves. All other exchange differences are included in the determination of operating profit, other than those dealt with in Note 1 (k)(iii) and (q).

**(t) Segment reporting**

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

Segment assets consist primarily of goodwill, fixed assets, other investments, properties held for sale, stocks and receivables. Segment liabilities comprise operating liabilities and exclude items such as taxation and borrowings. Capital expenditure comprises additions to fixed assets (Note 13), including those resulting from acquisitions of subsidiary companies.

In respect of geographical segment reporting, sales are based on the country in which the customer is located. Segment assets and capital expenditure are where the investments/operating assets are located.

**(u) Dividends**

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

As detailed in Note 26, this change has resulted in an increase in opening retained profits at 1 July 2001 by HK\$213.4 million (1 July 2000: HK\$211.4 million) which is the reversal of the provision for 2001 (2000) proposed final dividend previously recorded as a liability as at 30 June 2001 (30 June 2000) but which was not declared until after the balance sheet date.

## 2 Turnover, Revenue and Segment Information

The Group is principally engaged in rental, property sales, construction and engineering, hotel and restaurant operations, infrastructure operations, telecommunication services, department store operations, financial services, property management, security service, transportation and other services. Revenues recognised during the year are as follows:

### (a) Primary reporting format – business segments

	Rental HK\$m	Property sales HK\$m	Construction and engineering HK\$m	Hotel and restaurant HK\$m	Infra- structure HK\$m	Telecom- munications HK\$m	Others HK\$m	Elimin- ations HK\$m	Consolidated HK\$m
<b>Year 2002</b>									
External sales	1,489.4	4,308.6	6,881.2	1,621.9	676.1	2,554.8	5,342.6	–	22,874.6
Intra-segment sales	123.1	–	1,314.3	–	–	6.7	123.6	(1,567.7)	–
<b>Total turnover</b>	<b>1,612.5</b>	<b>4,308.6</b>	<b>8,195.5</b>	<b>1,621.9</b>	<b>676.1</b>	<b>2,561.5</b>	<b>5,466.2</b>	<b>(1,567.7)</b>	<b>22,874.6</b>
Segment results	777.1	2,260.9	392.4	325.3	197.3	23.7	385.8		4,362.5
Other (charge)/income	(102.9)	(903.4)	–	(43.5)	(55.3)	191.3	139.6		(774.2)
Unallocated corporate expenses									(485.7)
Operating profit before financing costs and income									3,102.6
Financing costs									(2,017.7)
Financing income									615.1
Operating profit									1,700.0
Share of results of									
Associated companies	56.9	18.4	36.0	(72.6)	249.6	–	(37.8)		250.5
Jointly controlled entities	(25.7)	(358.3)	73.8	5.8	740.4	–	(121.4)		314.6
Profit before taxation									2,265.1
Taxation									(524.7)
Profit after taxation									1,740.4
Minority interests									(465.0)
Profit attributable to shareholders									1,275.4
Segment assets	21,673.3	26,640.1	3,537.8	7,778.5	8,371.7	3,654.8	10,728.1		82,384.3
Associated companies	2,311.6	2,304.6	483.6	191.9	1,120.5	–	2,459.7		8,871.9
Jointly controlled entities	4,102.3	10,044.2	65.9	1,815.8	8,966.4	–	3,430.2		28,424.8
Cash and bank balances									7,093.9
Total assets									126,774.9
Segment liabilities	1,725.9	2,004.8	2,979.2	688.3	1,941.1	1,164.9	3,851.6		14,355.8
Gross borrowings									39,775.5
Taxation									922.5
Total liabilities									55,053.8
Minority interests									18,069.8
									73,123.6
Capital expenditure	807.8	4.2	149.8	9.3	73.4	797.3	776.6		2,618.4
Depreciation	69.3	4.0	104.5	8.0	250.3	388.2	349.9		1,174.2
Impairment charge and provision	102.9	911.3	–	32.2	141.6	–	311.5		1,499.5

## (a) Primary reporting format – business segments

	Rental HK\$m	Property sales HK\$m	Construction and engineering HK\$m	Hotel and restaurant HK\$m	Infra- structure HK\$m	Telecom- munications HK\$m	Others HK\$m	Elimin- ations HK\$m	Consolidated HK\$m
<b>Year 2001 (as restated)</b>									
External sales	1,507.6	4,898.4	7,198.0	2,571.8	788.1	2,922.8	4,495.7	–	24,382.4
Intra-segment sales	208.4	–	1,318.8	–	–	6.9	129.0	(1,663.1)	–
<b>Total turnover</b>	<b>1,716.0</b>	<b>4,898.4</b>	<b>8,516.8</b>	<b>2,571.8</b>	<b>788.1</b>	<b>2,929.7</b>	<b>4,624.7</b>	<b>(1,663.1)</b>	<b>24,382.4</b>
Segment results	908.7	588.2	333.1	825.9	341.5	(196.6)	527.2		3,328.0
Other (charge)/income	(40.0)	(283.6)	–	(14.1)	(562.9)	99.6	(278.4)		(1,079.4)
Unallocated corporate expenses									(477.9)
Operating profit before financing costs and income									1,770.7
Financing costs									(2,451.2)
Financing income									912.7
Operating profit									232.2
Share of results of									
Associated companies	89.6	38.0	74.2	(15.4)	337.4	(237.3)	20.6		307.1
Jointly controlled entities	32.2	56.5	45.1	(86.7)	644.1	–	(112.8)		578.4
Profit before taxation									1,117.7
Taxation									(494.9)
Profit after taxation									622.8
Minority interests									(576.4)
Profit attributable to shareholders									46.4
Segment assets	23,074.2	26,527.7	3,463.3	11,230.7	10,583.5	3,514.9	9,664.0		88,058.3
Associated companies	1,771.6	2,105.7	361.3	265.7	916.6	5.7	1,659.7		7,086.3
Jointly controlled entities	3,870.6	9,997.0	72.0	1,793.5	8,064.3	–	1,727.5		25,524.9
Cash and bank balances									9,809.6
<b>Total assets</b>									<b>130,479.1</b>
Segment liabilities	1,441.2	2,029.6	3,741.6	859.1	1,844.8	1,412.1	1,969.6		13,298.0
Gross borrowings									41,185.4
Taxation									940.0
Total liabilities									55,423.4
Minority interests									17,407.7
									72,831.1
Capital expenditure	645.4	63.4	139.6	156.8	177.7	543.9	1,193.6		2,920.4
Depreciation	35.9	5.8	97.0	20.1	214.7	326.0	348.5		1,048.0
Impairment charge and provision	40.0	491.7	–	28.6	354.0	21.6	214.5		1,150.4

## 2 Turnover, Revenue and Segment Information (continued)

### (b) Secondary reporting format – geographical segments

	Turnover HK\$m	Operating profit/(loss) before financing costs and income HK\$m	Segment assets HK\$m	Capital expenditure HK\$m
<b>Year 2002</b>				
Hong Kong and Southeast Asia	<b>18,465.8</b>	<b>3,684.8</b>	<b>58,485.9</b>	<b>1,830.0</b>
Mainland China	<b>4,408.8</b>	<b>(582.2)</b>	<b>23,898.4</b>	<b>788.4</b>
	<b>22,874.6</b>	<b>3,102.6</b>	<b>82,384.3</b>	<b>2,618.4</b>
<b>Year 2001</b>				
Hong Kong and Southeast Asia	20,801.7	1,478.1	61,727.7	1,625.7
Mainland China	3,580.7	292.6	26,330.6	1,294.7
	24,382.4	1,770.7	88,058.3	2,920.4

The turnover and operating profit before financing costs and income derived from the Group's activities in Southeast Asia comprised less than 10% of the Group's turnover and operating profit before financing costs and income.

The Group's segment assets and capital expenditure attributed to other markets comprised less than 10% of the Group's total segment assets and total capital expenditure respectively, and have been included in the Hong Kong and Southeast Asia segment.

## 3 Other Revenues

	2002 HK\$m	2001 HK\$m
Dividend income from investments in		
Listed shares	<b>9.0</b>	30.9
Unlisted shares	<b>84.4</b>	3.6
	<b>93.4</b>	34.5

#### 4 Other (Charge)/Income

	2002 HK\$m	2001 HK\$m (As restated)
Amortisation of negative goodwill/(goodwill)		
Associated companies	<b>15.7</b>	–
A jointly controlled entity	<b>(1.1)</b>	–
Subsidiary companies	<b>(8.5)</b>	–
Impairment		
Fixed assets	<b>(166.3)</b>	–
Goodwill	<b>(2.1)</b>	(262.5)
Jointly controlled entities	<b>(41.4)</b>	–
Loss on dilution of interests in subsidiary companies	<b>(132.3)</b>	(22.9)
Loss on disposal of		
Associated companies	–	(426.1)
Jointly controlled entities	–	(5.5)
Other investments	<b>(2.1)</b>	(194.2)
Subsidiary companies	<b>(51.7)</b>	(8.4)
Profit on disposal of		
Associated companies	<b>4.7</b>	121.2
Jointly controlled entities	<b>114.9</b>	99.4
Other investments	<b>201.0</b>	182.4
Subsidiary companies	<b>492.1</b>	65.3
Profit on repurchase of convertible bonds	–	1.8
Surplus on liquidation of subsidiary companies	–	7.7
Surplus on liquidation of an associated company	–	1.8
Provision for advances to joint ventures	<b>(535.4)</b>	(312.6)
Provision for diminution in value of properties held for sale	<b>(325.6)</b>	(221.7)
Provision for investments in		
An associated company	<b>(37.3)</b>	–
A joint development project	<b>(75.0)</b>	(40.0)
Jointly controlled entities	<b>(67.7)</b>	–
Listed shares	<b>(59.2)</b>	(109.7)
Unlisted shares	<b>(189.5)</b>	(203.9)
Write back of provision for		
Advance to an associated company	<b>92.6</b>	5.0
Diminution in value of properties held for sale	–	231.0
Investment in unlisted shares	–	12.5
	<b>(774.2)</b>	(1,079.4)

## 5 Financing Costs

	2002 HK\$m	2001 HK\$m
Interest on bank loans and overdrafts	<b>1,493.9</b>	2,100.6
Interest on other loans wholly repayable within five years	<b>9.0</b>	17.1
Interest on finance leases	<b>4.9</b>	4.1
Interest on convertible bonds	<b>146.5</b>	209.7
Provision for premium on redemption of convertible bonds	<b>347.0</b>	188.0
Interest on loans from minority shareholders	<b>119.3</b>	106.9
Total borrowing costs incurred	<b>2,120.6</b>	2,626.4
Interest capitalised as cost of		
Fixed assets	<b>(60.1)</b>	(65.3)
Jointly controlled entities	–	(10.0)
Properties under development	<b>(42.8)</b>	(99.9)
	<b>2,017.7</b>	2,451.2

## 6 Operating Profit

Operating profit of the Group is arrived at after crediting and charging the following:

	2002 HK\$m	2001 HK\$m
Crediting		
Gross rental income from investment properties	<b>1,408.0</b>	1,466.8
Outgoings	<b>(309.3)</b>	(211.0)
	<b>1,098.7</b>	1,255.8
Net gain on disposal of fixed assets and properties	<b>2,374.2</b>	–
Charging		
Auditors' remuneration	<b>29.7</b>	31.7
Cost of inventories sold	<b>4,028.5</b>	5,894.0
Depreciation		
Leased fixed assets	<b>13.0</b>	6.7
Owned fixed assets	<b>1,161.2</b>	1,041.3
Loss on disposal of fixed assets	–	10.7
Operating lease rental expense		
Land and buildings	<b>382.7</b>	386.9
Other equipment	<b>55.1</b>	31.1
Retirement benefit costs	<b>121.5</b>	118.7
Staff costs	<b>3,639.5</b>	3,914.6

## 7 Taxation

	2002 HK\$m	2001 HK\$m
Company and subsidiary companies		
Hong Kong profits tax	<b>256.4</b>	249.8
Overseas taxation	<b>45.5</b>	38.7
Deferred taxation	<b>38.1</b>	6.5
	<b>340.0</b>	295.0
Associated companies		
Hong Kong profits tax	<b>68.6</b>	71.1
Overseas taxation	<b>6.4</b>	42.1
	<b>75.0</b>	113.2
Jointly controlled entities		
Hong Kong profits tax	<b>43.0</b>	29.5
Overseas taxation	<b>57.0</b>	57.2
Deferred taxation	<b>9.7</b>	–
	<b>109.7</b>	86.7
	<b>524.7</b>	494.9

Hong Kong profits tax is provided at the rate of 16% (2001:16%) on the estimated assessable profits for the year. Tax on overseas profits has been calculated on the estimated taxable profits for the year at the rate of taxation prevailing in the countries in which the Group operates.

Deferred taxation (credit)/charge has not been provided in respect of the following:

	2002 HK\$m	2001 HK\$m
Accelerated depreciation allowances	<b>(103.3)</b>	23.5
Other timing differences	<b>88.1</b>	(22.8)
	<b>(15.2)</b>	0.7

## 8 Profit Attributable to Shareholders

Profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$1,398.7 million (2001 as restated: HK\$752.3 million).



## 9 Dividends

	2002 HK\$m	2001 HK\$m
Interim dividend paid of HK\$0.10 (2001: HK\$0.10) per share	<b>214.9</b>	212.3
Final dividend proposed of HK\$0.10 (2001: HK\$0.10) per share	<b>216.6</b>	213.4
	<b>431.5</b>	425.7
Of which the following were settled by the issue of scrip:		
Interim dividend	<b>113.6</b>	108.2
Final dividend	*	104.1

(a) The final dividend proposed and declared after the balance sheet date but accrued in the accounts for the years ended 30 June 2000 and 2001 were HK\$211.4 million and HK\$213.4 million respectively. Under the Group's new accounting policy as described in Note 1(u), these have been written back to opening retained profits as at 1 July 2000 and 2001 as set out in Note 26, and are now charged in the period in which they were proposed and declared.

(b) At a meeting held on 18 October 2002 the Directors declared a final dividend of HK\$0.10 per share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained profits for the year ending 30 June 2003.

\* Full amount has been set aside from retained profits for the 2002 final dividend proposed on the basis that all shareholders will elect to receive cash being the alternative to their entitlements to the scrip dividend.

## 10 Earnings Per Share

The calculation of basic earnings per share is based on profit of HK\$1,275.4 million (2001 as restated: HK\$46.4 million) and the weighted average of 2,142.3 million (2001: 2,119.0 million) shares in issue during the year.

The conversion of the outstanding convertible bonds would have no dilutive effect on the earnings per share for the current year and the previous year.

## 11 Emoluments of Directors and Senior Management

Details of the emoluments paid to the Directors are as follows:

	2002 HK\$m	2001 HK\$m
Fees	<b>1.5</b>	1.5
Salaries and other emoluments	<b>24.7</b>	25.7
Contributions to retirement benefits	<b>1.5</b>	1.2
	<b>27.7</b>	28.4

The emoluments of the Directors fell within the following bands:

Emolument band (HK\$)	Number of directors	
	2002	2001
0 – 1,000,000	9	9
3,000,001 – 3,500,000	2	2
3,500,001 – 4,000,000	1	1
4,000,001 – 4,500,000	1	1
12,000,001 – 12,500,000	1	–
13,000,001 – 13,500,000	–	1
	<b>14</b>	<b>14</b>

Fees disclosed above include HK\$0.3 million (2001:HK\$0.3 million) paid to independent non-executive directors. There were no other emoluments paid to independent non-executive directors. None of the directors has waived the right to receive his emoluments.

The five individuals whose emoluments were the highest in the Group for the year include three directors (2001:three directors) whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining two (2001:two) individuals during the year are as follows:

	2002 HK\$m	2001 HK\$m
Salaries and other emoluments	8.6	7.1
Contributions to retirement benefits	0.3	0.6
	<b>8.9</b>	<b>7.7</b>

The emoluments fell within the following bands:

Emolument band (HK\$)	Number of individuals	
	2002	2001
3,500,001 – 4,000,000	–	1
4,000,001 – 4,500,000	1	1
4,500,001 – 5,000,000	1	–
	<b>2</b>	<b>2</b>

## 12 Goodwill

	Group	
	2002 HK\$m	2001 HK\$m
Balance at 1 July	–	–
Acquisition of interests in subsidiary companies	<b>131.8</b>	–
Amortisation charge (Note 4)	<b>(8.5)</b>	–
Balance at 30 June	<b>123.3</b>	–

## 13 Fixed Assets

	Group						
	Investment properties HK\$m	Hotel properties HK\$m	Land and buildings HK\$m	Toll roads, bridges and port facilities HK\$m	Other assets HK\$m	Assets under construction HK\$m	Total HK\$m
Cost or valuation							
At 1 July 2001	16,927.3	9,954.0	3,586.4	6,657.4	7,609.1	5,282.3	50,016.5
Translation difference	–	–	4.2	–	1.2	–	5.4
Acquisition of subsidiary companies	–	–	–	–	6.1	–	6.1
Disposal of subsidiary companies	(318.0)	–	(323.7)	(435.9)	(527.4)	(322.6)	(1,927.6)
Additions	308.7	–	95.7	5.3	1,200.7	1,001.9	2,612.3
Transfer	198.5	–	562.5	203.2	446.7	(1,585.8)	(174.9)
Disposals	–	(2,653.0)	(44.9)	(16.3)	(210.2)	(0.5)	(2,924.9)
Revaluation deficit	(1,363.9)	(579.0)	–	–	–	–	(1,942.9)
At 30 June 2002	15,752.6	6,722.0	3,880.2	6,413.7	8,526.2	4,375.3	45,670.0
Accumulated depreciation and impairment							
At 1 July 2001	–	–	338.5	683.0	2,912.1	–	3,933.6
Translation difference	–	–	0.6	–	2.1	–	2.7
Acquisition of subsidiary companies	–	–	–	–	2.8	–	2.8
Impairment charge	–	–	178.8	–	18.8	2.5	200.1
Disposal of subsidiary companies	–	–	(37.9)	(108.6)	(329.5)	–	(476.0)
Charge for the year	–	–	111.4	226.4	836.4	–	1,174.2
Written back on disposals	–	–	(38.7)	(11.2)	(163.6)	–	(213.5)
At 30 June 2002	–	–	552.7	789.6	3,279.1	2.5	4,623.9
Net book value							
At 30 June 2002	<b>15,752.6</b>	<b>6,722.0</b>	<b>3,327.5</b>	<b>5,624.1</b>	<b>5,247.1</b>	<b>4,372.8</b>	<b>41,046.1</b>
At 30 June 2001	16,927.3	9,954.0	3,247.9	5,974.4	4,697.0	5,282.3	46,082.9

	Company			
	Investment properties HK\$m	Land and buildings HK\$m	Other assets HK\$m	Total HK\$m
Cost or valuation				
At 1.7.2001	30.6	3.0	3.3	36.9
Disposals	–	(2.3)	–	(2.3)
Revaluation deficit	(1.9)	–	–	(1.9)
At 30.6.2002	28.7	0.7	3.3	32.7
Accumulated depreciation				
At 1.7.2001	–	0.7	2.0	2.7
Charge for the year	–	0.1	0.6	0.7
Written back on disposals	–	(0.4)	–	(0.4)
At 30.6.2002	–	0.4	2.6	3.0
Net book value				
At 30.6.2002	<b>28.7</b>	<b>0.3</b>	<b>0.7</b>	<b>29.7</b>
At 30.6.2001	30.6	2.3	1.3	34.2

### 13 Fixed Assets (continued)

Cost or valuation of properties at 30 June 2002 was made up as follows:

	Group				Company			
	2002		2001		2002		2001	
	At cost/ carrying value HK\$m	Professional valuation HK\$m	At cost/ carrying value HK\$m	Professional valuation HK\$m	At cost/ carrying value HK\$m	Professional valuation HK\$m	At cost/ carrying value HK\$m	Professional valuation HK\$m
Investment properties								
Hong Kong long lease	-	13,376.8	-	14,811.9	-	28.7	-	30.6
Hong Kong medium lease	-	837.5	-	902.6	-	-	-	-
Overseas long lease	-	84.1	-	84.1	-	-	-	-
Overseas medium lease	-	1,454.2	-	1,128.7	-	-	-	-
	-	15,752.6	-	16,927.3	-	28.7	-	30.6
Hotel properties								
Hong Kong long lease	-	6,722.0	-	9,954.0	-	-	-	-
Land and buildings								
Hong Kong long lease (Note a)	940.1	-	938.1	-	0.7	-	0.7	-
Hong Kong medium lease	896.1	-	874.1	-	-	-	2.3	-
Hong Kong short lease	526.3	-	33.1	-	-	-	-	-
Overseas long lease	28.6	-	28.5	-	-	-	-	-
Overseas medium lease (Note a)	1,482.3	-	1,707.1	-	-	-	-	-
Overseas short lease	1.3	-	-	-	-	-	-	-
Overseas freehold	5.5	-	5.5	-	-	-	-	-
	3,880.2	-	3,586.4	-	0.7	-	3.0	-
	3,880.2	22,474.6	3,586.4	26,881.3	0.7	28.7	3.0	30.6

- (a) Included in the Group's land and buildings are properties transferred from investment properties at carrying value of HK\$985.0 million (2001: HK\$985.0 million) based on professional valuations at dates of transfer.
- (b) The investment properties and hotel properties were revalued on 30 June 2002 on an open market value basis by Chesterton Petty Limited and Vigers Hong Kong Limited, independent professional property valuers.
- Toll roads, bridges and port facilities, assets under construction and other assets comprising plant, machinery, equipment, telecommunication network and equipment, terminal equipment, furniture, fixtures, buses and coaches and motor vehicles, are stated at cost.
- (c) The aggregate net book value of assets pledged as securities for loans amounts to HK\$11,752.1 million (2001: HK\$11,687.6 million).
- (d) The net book value of fixed assets includes other assets held under finance leases amounting to HK\$160.3 million (2001: HK\$42.5 million).
- (e) In September 2002, Wuhan City Government (the "Government") announced that the toll collection right of five bridges in Wuhan, including Yangtze Bridge No.2, a toll bridge operated by a subsidiary company of the Group, would be ceased with effect from 1 October 2002. The Government has undertaken to compensate investors on mutually acceptable terms. Although it is difficult to estimate the outcome of the subsequent negotiation with the Government, however, the Directors consider that there should not be any material adverse impact to the Group. The net book value of the toll bridge as at 30 June 2002 was approximately HK\$1,381.0 million in which the Group's interest was 26.6%.

## 14 Subsidiary Companies

	2002 HK\$m	2001 HK\$m
Unlisted shares, at cost	5,666.0	5,603.8
Provision for impairment losses	(605.1)	(605.1)
	5,060.9	4,998.7
Listed shares in Hong Kong, at cost	12,087.3	12,087.3
At Directors' valuation in 1972	72.0	72.0
	17,220.2	17,158.0
Amounts due by subsidiary companies less provision	41,533.1	37,693.9
	58,753.3	54,851.9
Amounts due to subsidiary companies	(26,441.2)	(24,702.8)
	32,312.1	30,149.1
Market value of listed shares	2,074.0	3,844.5

Details of principal subsidiary companies are given in Note 37.

## 15 Associated Companies

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Group's share of net assets				
Listed shares in Hong Kong	824.9	657.5	–	–
Unlisted shares	3,687.0	2,797.1	6.8	35.2
	4,511.9	3,454.6	6.8	35.2
Negative goodwill on acquisition	(85.6)	–	–	–
Goodwill on acquisition	48.7	–	–	–
Less: amortisation	15.7	–	–	–
	(21.2)	–	–	–
Amounts due by associated companies (Note a)	4,587.2	3,718.8	261.4	317.2
Amounts due to associated companies (Note b)	(206.0)	(87.1)	(18.6)	(20.9)
	4,381.2	3,631.7	242.8	296.3
	8,871.9	7,086.3	249.6	331.5
Market value of listed shares	345.0	283.8	–	–

(a) Amounts due by associated companies are analysed as follows:

	Group	
	2002 HK\$m	2001 HK\$m
Interest bearing		
Fixed rates (Note (i))	413.6	50.7
Variable rates (Note (ii))	878.0	1,140.9
Non-interest bearing (Note (iii))	3,295.6	2,527.2
	4,587.2	3,718.8

## 15 Associated Companies (continued)

- (i) Fixed rates represent interest rates ranging from 6.2% to 8.0% (2001: 8.0% to 8.5%) per annum.
- (ii) Variable rates represent interest rates ranging from 0.58% (2001: 1.25%) above the Hong Kong Interbank Offered Rate to 2% above the Hong Kong prime rate.
- (iii) The balance included amounts totalling HK\$261.4 million (2001: HK\$317.2 million) due to the Company.

The amounts are unsecured and have no fixed terms of repayment.

- (b) The amounts due to associated companies are unsecured, interest free and repayable on demand.
- (c) Dividends received and receivable by the Group from associated companies were HK\$201.2 million (2001: HK\$298.9 million).
- (d) Details of principal associated companies are given in Note 38.

## 16 Jointly Controlled Entities

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Equity joint ventures				
Group's share of net assets	<b>688.6</b>	758.9	<b>24.0</b>	65.9
Goodwill on acquisition	<b>25.2</b>	–	–	–
Less: amortisation	<b>(1.1)</b>	–	–	–
Amounts due by joint ventures less provision (Note b)	<b>754.1</b>	708.1	–	–
Amounts due to joint ventures (Note c)	<b>(17.4)</b>	(52.4)	–	–
	<b>1,449.4</b>	1,414.6	<b>24.0</b>	65.9
Co-operative joint ventures (Note a)				
Cost of investment less provision	<b>6,530.0</b>	5,443.1	<b>13.0</b>	13.0
Share of undistributed post-acquisition results	<b>106.0</b>	155.6	–	–
Amounts due by joint ventures less provision (Note b)	<b>8,688.0</b>	7,721.2	–	–
Amounts due to joint ventures (Note c)	<b>(26.5)</b>	(23.5)	–	–
	<b>15,297.5</b>	13,296.4	<b>13.0</b>	13.0
Companies limited by shares				
Group's share of net assets (Note a)	<b>2,178.3</b>	2,998.0	–	–
Subordinated loans (Note b)	<b>377.8</b>	373.0	–	–
Amounts due by investee companies (Note b)	<b>7,331.9</b>	7,239.1	<b>1,145.9</b>	1,561.6
Amounts due to investee companies (Note c)	<b>(895.3)</b>	(885.6)	–	–
	<b>8,992.7</b>	9,724.5	<b>1,145.9</b>	1,561.6
Deposits paid for joint ventures (Note d)	<b>1,898.3</b>	1,089.4	<b>13.7</b>	13.7
Deposit for proposed investment in Network (Note e)	<b>786.9</b>	–	–	–
	<b>28,424.8</b>	25,524.9	<b>1,196.6</b>	1,654.2

- (a) The Group's interests in certain co-operative joint ventures in the PRC and the toll collection rights of certain toll roads held by the Group have been pledged as securities for bank loan facilities granted to the Group. As at the balance sheet date, the outstanding amount under these bank loan facilities was approximately HK\$1,021.9 million (2001: HK\$869.6 million).

(b) Subordinated loans and amounts due by jointly controlled entities are analysed as follows:

	Subordinated loans		Amounts due by jointly controlled entities	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Interest bearing				
Fixed rates (Note (i))	<b>19.0</b>	19.0	<b>5,623.5</b>	4,945.6
Variable rates (Note (ii))	–	–	<b>2,322.0</b>	2,646.3
Non-interest bearing (Note (iii))	<b>358.8</b>	354.0	<b>8,828.5</b>	8,076.5
	<b>377.8</b>	373.0	<b>16,774.0</b>	15,668.4

(i) Fixed rates represent interest rates ranging from 4% to 15% per annum.

(ii) Variable rates represent interest rates ranging from the Hong Kong prime rate to 2.0% (2001: 1.5%) above the Hong Kong prime rate.

(iii) The balance included an amount of HK\$1,145.9 million (2001: HK\$1,561.6 million) due by a jointly controlled entity to the Company.

The repayment terms of the amounts due by jointly controlled entities are specified in the relevant joint venture agreements.

(c) The amounts due to jointly controlled entities are unsecured, interest free and repayable on demand.

(d) The balances represent advances paid in respect of proposed joint ventures for which the jointly controlled entities have not yet been established as at the year end date and only preliminary agreements have been signed. Upon the completion of the relevant joint venture contracts and the establishment of the respective jointly controlled entities, the relevant amounts will be reclassified to joint venture balances.

In September 2002, the Group decided to withdraw from a preliminary agreement and, as a result of such withdrawal, the Group has no further material obligation under such preliminary agreement. The payment on account of this proposed joint venture amounting to HK\$620 million was substantially refunded to the Group.

(e) During the year, the Group entered into an option agreement with a PRC entity for the acquisition ("Acquisition") of interest in an optical fibre backbone network ("Network") in the PRC ("Agreement"). Subject to certain conditions as stipulated in the Agreement, the Group is entitled to acquire up to 70.0% interest in the Network at a consideration of approximately HK\$2,563.0 million.

As at 30 June 2002, approximately HK\$787.0 million was paid as a deposit for the Acquisition. In September 2002, the Group disposed of its interests in certain investments at a total consideration of approximately HK\$660.0 million which has also been applied as a further payment for the Acquisition, bringing the total progress payments to approximately HK\$1,447.0 million.

The Group is required to pay a further sum of approximately HK\$1,116.0 million should the Group decide to increase its interest in the Network up to 70.0%.

(f) Dividends received and receivable from jointly controlled entities were HK\$762.2 million (2001: HK\$678.1 million).

(g) Particulars of principal jointly controlled entities are given in Note 39.



## 17 Other Investments

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Equity securities				
Unlisted shares, at fair value	<b>1,444.9</b>	1,685.0	<b>221.2</b>	387.6
Listed shares, at market value				
Hong Kong	<b>292.4</b>	434.3	–	–
Overseas	<b>607.8</b>	760.4	–	–
	<b>2,345.1</b>	2,879.7	<b>221.2</b>	387.6
Debt securities				
Unlisted debentures and convertible bonds, at fair value	<b>182.6</b>	–	–	–
Investment in joint development projects				
At cost less provision and amortisation	<b>1,775.8</b>	1,675.1	–	–
Other joint ventures				
Cost of investment	<b>212.5</b>	1,232.7	–	–
Amounts due by joint ventures	<b>1,632.0</b>	2,386.0	–	–
	<b>1,844.5</b>	3,618.7	–	–
	<b>6,148.0</b>	8,173.5	<b>221.2</b>	387.6

Amounts due by joint ventures totalling HK\$1,526.4 million (2001: HK\$2,084.6 million) carry interest at 10% per annum. The remaining balance is non-interest bearing. All balances are unsecured, and have repayment terms as specified in the relevant joint venture agreements.

## 18 Long Term Receivables

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Accounts receivable	<b>631.6</b>	820.3	–	–
Other loans	<b>392.3</b>	186.6	–	–
	<b>1,023.9</b>	1,006.9	–	–
Amounts receivable within one year included in current assets	<b>(75.2)</b>	(467.5)	–	–
	<b>948.7</b>	539.4	–	–

## 19 Properties Held for Sale

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Properties under development, at cost less provision	<b>14,720.4</b>	13,886.4	–	–
Completed properties, at cost less provision	<b>1,477.7</b>	1,442.3	–	–
Joint development projects, at cost less provision	<b>7,081.0</b>	6,702.4	<b>851.4</b>	843.5
	<b>23,279.1</b>	22,031.1	<b>851.4</b>	843.5

The aggregate carrying value of properties under development and completed properties pledged as securities for loans amounted to HK\$981.3 million (2001: HK\$461.1 million).

## 20 Stocks

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Raw materials	<b>1,248.7</b>	605.2	–	–
Work-in-progress	<b>13.2</b>	14.7	–	–
Finished goods	<b>49.3</b>	55.5	–	–
Merchandise	<b>82.8</b>	120.4	–	–
	<b>1,394.0</b>	795.8	–	–

At 30 June 2002, the amount of stocks carried at net realisable value amounted to HK\$13.5 million (2001: HK\$31.0 million).

## 21 Debtors and Prepayments

(a) At 30 June 2002, the retention receivable for contracts in progress amounting to HK\$834.0 million (2001: HK\$627.4 million) has been included in debtors and prepayments.

(b) Debtors and prepayments include trade debtors, amounts advanced to investee companies, deposits and prepayments. The Group has various credit policies for different business operations depending on the requirements of the markets and businesses in which the subsidiary companies operate. Sales proceeds receivable from sale of properties and retention money receivables in respect of construction and engineering services are settled in accordance with the terms of respective contracts. Ageing analysis of trade debtors is as follows:

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Current to 30 days	<b>2,455.0</b>	2,296.6	–	–
31 to 60 days	<b>240.8</b>	354.4	–	–
Over 60 days	<b>1,958.2</b>	2,214.5	–	–
	<b>4,654.0</b>	4,865.5	–	–

## 22 Cash and Bank Balances

Restricted bank balances are funds which are pledged to secure for certain short term loans and long term loans in Note 28.

## 23 Creditors and Accrued Charges

(a) At 30 June 2002, advances received from customers for contracts in progress amounting to HK\$55.8 million (2001: HK\$71.9 million) has been included in creditors and accrued charges.

(b) Included in creditors and accrued charges are trade creditors with their ageing analysis as follows:

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Current to 30 days	<b>4,080.4</b>	3,335.1	–	–
31 to 60 days	<b>272.7</b>	483.8	–	–
Over 60 days	<b>2,178.6</b>	2,085.2	–	–
	<b>6,531.7</b>	5,904.1	–	–

## 24 Contracts in Progress

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Contract costs incurred plus attributable profits less foreseeable losses to date	<b>16,822.3</b>	15,187.1	–	–
Progress payments received and receivable	<b>(17,124.2)</b>	(16,069.9)	–	–
	<b>(301.9)</b>	(882.8)	–	–
Representing:				
Gross amount due from customers for contract work	<b>476.2</b>	234.4	–	–
Gross amount due to customers for contract work	<b>(778.1)</b>	(1,117.2)	–	–
	<b>(301.9)</b>	(882.8)	–	–

## 25 Share Capital

	2002 No. of shares (million)	2002 HK\$m	2001 No. of shares (million)	2001 HK\$m
Authorised:				
Shares of HK\$1.00 each				
Balance at 30 June	<b>2,500.0</b>	<b>2,500.0</b>	2,500.0	2,500.0
Issued and fully paid:				
Shares of HK\$1.00 each				
Balance at 1 July	<b>2,134.0</b>	<b>2,134.0</b>	2,114.1	2,114.1
Issued as scrip dividends (Note a)	<b>32.4</b>	<b>32.4</b>	19.8	19.8
Conversion of bonds (Note b)	–	–	0.1	0.1
Balance at 30 June	<b>2,166.4</b>	<b>2,166.4</b>	2,134.0	2,134.0

(a) During the year, 15,122,315 and 17,292,889 new shares were issued at HK\$6.887 and HK\$6.5669 per share for the settlement of 2001 final scrip dividend and 2002 interim scrip dividend respectively.

In 2001, 8,703,824 and 11,136,813 new shares were issued at HK\$11.0677 and HK\$9.7194 per share for the settlement of 2000 final scrip dividend and 2001 interim scrip dividend respectively.

(b) In 2001, 65,923 new shares were issued upon conversion of bonds issued by a subsidiary company at the conversion price of HK\$35.15 per share.

## 26 Reserves

	Group						
	Capital redemption reserve	Share premium	Asset revaluation reserve (Note a)	Capital reserve	General reserve	Retained profits	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Balance as at 1.7.2000, as previously reported	37.7	18,860.6	20,516.0	814.9	206.0	15,658.8	56,094.0
Effect of adopting SSAP 9 (revised)	-	-	-	-	-	211.4	211.4
Balance at 1.7.2000, as restated	37.7	18,860.6	20,516.0	814.9	206.0	15,870.2	56,305.4
Scrip dividends	-	184.7	-	-	-	-	184.7
Conversion of bonds	-	2.3	-	-	-	-	2.3
Share issue expenses	-	(0.2)	-	-	-	-	(0.2)
Investment and hotel properties revaluation surplus for the previous year	-	-	98.8	-	-	-	98.8
Share of revaluation (deficit)/surplus of							
associated companies	-	-	(85.8)	-	-	-	(85.8)
jointly controlled entities	-	-	114.0	-	-	-	114.0
Goodwill on acquisition of							
subsidiary companies	-	-	-	(87.4)	-	-	(87.4)
additional interests in jointly controlled entities	-	-	-	(11.9)	-	-	(11.9)
additional interests in subsidiary companies	-	-	-	(591.5)	-	-	(591.5)
an associated company	-	-	-	(37.0)	-	-	(37.0)
additional interests in associated companies	-	-	-	(16.7)	-	-	(16.7)
Capital reserve on acquisition of							
additional interests in subsidiary companies	-	-	-	120.1	-	-	120.1
additional interests in jointly controlled entities	-	-	-	4.7	-	-	4.7
associated companies	-	-	-	83.9	-	-	83.9
Release of capital reserve upon							
partial disposal of subsidiary companies	-	-	-	(20.6)	-	-	(20.6)
partial disposal of an associated company	-	-	-	(146.1)	-	-	(146.1)
liquidation of subsidiary companies	-	-	-	(5.0)	-	-	(5.0)
Release of goodwill upon							
disposal of subsidiary companies	-	-	-	11.7	-	-	11.7
disposal of associated companies	-	-	-	240.5	-	-	240.5
partial disposal of subsidiary companies	-	-	-	8.1	-	-	8.1
Share of capital reserve of associated companies	-	-	-	108.0	-	-	108.0
Goodwill impairment loss charged to profit and loss account	-	-	-	174.1	-	-	174.1
Investments securities revaluation deficit for the previous year	-	-	(1,139.4)	-	-	-	(1,139.4)
Investments securities revaluation deficit written back upon disposal	-	-	376.6	-	-	-	376.6
Investments impairment loss charged to profit and loss account	-	-	208.4	-	-	-	208.4
Profit for the previous year	-	-	-	-	-	46.4	46.4
Transfer to general reserve	-	-	-	-	332.5	(332.5)	-
Translation difference	-	-	-	-	-	(8.4)	(8.4)
2000 final dividend paid	-	-	-	-	-	(211.4)	(211.4)
2001 interim dividend paid	-	-	-	-	-	(212.3)	(212.3)
	37.7	19,047.4	20,088.6	649.8	538.5	15,152.0	55,514.0
Representing:							
Balance at 30.6.2001	37.7	19,047.4	20,088.6	649.8	538.5	14,938.6	55,300.6
2001 proposed final dividend	-	-	-	-	-	213.4	213.4
	37.7	19,047.4	20,088.6	649.8	538.5	15,152.0	55,514.0
Retained by:							
Company and subsidiary companies	37.7	19,047.4	19,519.5	757.3	538.5	16,638.4	56,538.8
Associated companies	-	-	323.3	0.5	-	(951.6)	(627.8)
Jointly controlled entities	-	-	245.8	(108.0)	-	(534.8)	(397.0)
	37.7	19,047.4	20,088.6	649.8	538.5	15,152.0	55,514.0

	Group						
	Capital redemption reserve	Share premium	Asset revaluation reserve (Note a)	Capital reserve	General reserve	Retained profits	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Balance as at 1.7.2001, as previously reported	37.7	19,047.4	20,088.6	475.7	538.5	15,112.7	55,300.6
Effect of adopting SSAP 9 (revised)	-	-	-	-	-	213.4	213.4
Effect of adopting SSAP 30/31	-	-	-	174.1	-	(174.1)	-
Balance as at 1.7.2001, as restated	37.7	19,047.4	20,088.6	649.8	538.5	15,152.0	55,514.0
Scrip dividends	-	185.3	-	-	-	-	185.3
Share issue expenses	-	(0.3)	-	-	-	-	(0.3)
Investment and hotel properties revaluation deficit for the year	-	-	(1,856.0)	-	-	-	(1,856.0)
Investment and hotel properties revaluation surplus realised upon disposal	-	-	(2,406.3)	-	-	-	(2,406.3)
Reversal of revaluation surplus arising from impairment of land and buildings	-	-	(33.8)	-	-	-	(33.8)
Share of revaluation surplus/(deficit) of associated companies	-	-	5.9	-	-	-	5.9
jointly controlled entities	-	-	(263.9)	-	-	-	(263.9)
Release of reserve upon disposal of subsidiary companies	-	-	(348.9)	(0.5)	-	-	(349.4)
partial disposal of a subsidiary company	-	-	-	(27.1)	-	-	(27.1)
disposal of an investee company	-	-	-	(216.2)	-	-	(216.2)
Release of goodwill upon disposal of subsidiary companies	-	-	-	169.9	-	-	169.9
disposal of a jointly controlled entity	-	-	-	6.7	-	-	6.7
Goodwill impairment loss charged to profit and loss account	-	-	-	1.5	-	-	1.5
Investments securities revaluation deficit for the year	-	-	(220.1)	-	-	-	(220.1)
Investments securities revaluation surplus realised upon disposal	-	-	(5.3)	-	-	-	(5.3)
Investments securities impairment loss charged to profit and loss account	-	-	139.5	-	-	-	139.5
Profit for the year	-	-	-	-	-	1,275.4	1,275.4
Transfer to general reserve	-	-	-	-	34.4	(34.4)	-
Transfer to asset revaluation reserve	-	-	25.5	(25.5)	-	-	-
Translation difference	-	-	-	-	-	(6.6)	(6.6)
2001 final dividend paid	-	-	-	-	-	(213.4)	(213.4)
2002 interim dividend paid	-	-	-	-	-	(214.9)	(214.9)
	<b>37.7</b>	<b>19,232.4</b>	<b>15,125.2</b>	<b>558.6</b>	<b>572.9</b>	<b>15,958.1</b>	<b>51,484.9</b>
Representing:							
Balance at 30.6.2002	37.7	19,232.4	15,125.2	558.6	572.9	15,741.5	51,268.3
2002 proposed final dividend	-	-	-	-	-	216.6	216.6
	<b>37.7</b>	<b>19,232.4</b>	<b>15,125.2</b>	<b>558.6</b>	<b>572.9</b>	<b>15,958.1</b>	<b>51,484.9</b>
Retained by:							
Company and subsidiary companies	37.7	19,232.4	14,814.1	666.1	572.9	18,447.3	53,770.5
Associated companies	-	-	329.2	0.5	-	(1,071.0)	(741.3)
Jointly controlled entities	-	-	(18.1)	(108.0)	-	(1,418.2)	(1,544.3)
	<b>37.7</b>	<b>19,232.4</b>	<b>15,125.2</b>	<b>558.6</b>	<b>572.9</b>	<b>15,958.1</b>	<b>51,484.9</b>

## 26 Reserves (continued)

	Company				
	Capital redemption reserve	Share premium	Asset revaluation reserve (Note a)	Retained profits	Total
	HK\$m	HK\$m	HK\$m	HK\$m	HK\$m
Balance as at 1.7.2000,					
as previously reported	37.7	18,860.6	328.0	11,112.1	30,338.4
Effect of adopting SSAP 9 (revised)	–	–	–	128.0	128.0
Balance as at 1.7.2000, as restated	37.7	18,860.6	328.0	11,240.1	30,466.4
Scrip dividends	–	184.7	–	–	184.7
Conversion of bonds	–	2.3	–	–	2.3
Share issue expenses	–	(0.2)	–	–	(0.2)
Investment properties revaluation surplus for the previous year	–	–	0.4	–	0.4
Investments revaluation deficit written back upon disposal	–	–	42.5	–	42.5
Investments revaluation deficit for the previous year	–	–	(12.1)	–	(12.1)
Profit for the previous year	–	–	–	752.3	752.3
2000 final dividend paid	–	–	–	(211.4)	(211.4)
2001 interim dividend paid	–	–	–	(212.3)	(212.3)
	<b>37.7</b>	<b>19,047.4</b>	<b>358.8</b>	<b>11,568.7</b>	<b>31,012.6</b>
Representing:					
Balance at 30.6.2001	37.7	19,047.4	358.8	11,355.3	30,799.2
Proposed final dividend	–	–	–	213.4	213.4
	<b>37.7</b>	<b>19,047.4</b>	<b>358.8</b>	<b>11,568.7</b>	<b>31,012.6</b>
Balance as at 1.7.2001,					
as previously reported	37.7	19,047.4	358.8	11,460.0	30,903.9
Effect of adopting SSAP 9 (revised)	–	–	–	108.7	108.7
Balance as at 1.7.2001, as restated	37.7	19,047.4	358.8	11,568.7	31,012.6
Scrip dividends	–	185.3	–	–	185.3
Share issue expenses	–	(0.3)	–	–	(0.3)
Investment properties revaluation deficit for the year	–	–	(1.9)	–	(1.9)
Investments revaluation deficit for the year	–	–	(166.5)	–	(166.5)
Investments impairment loss charged to profit and loss account	–	–	3.9	–	3.9
Profit for the year	–	–	–	1,398.7	1,398.7
2001 final dividend paid	–	–	–	(213.4)	(213.4)
2002 interim dividend paid	–	–	–	(214.9)	(214.9)
	<b>37.7</b>	<b>19,232.4</b>	<b>194.3</b>	<b>12,539.1</b>	<b>32,003.5</b>
Representing:					
Balance at 30.6.2002	37.7	19,232.4	194.3	12,322.5	31,786.9
Proposed final dividend	–	–	–	216.6	216.6
	<b>37.7</b>	<b>19,232.4</b>	<b>194.3</b>	<b>12,539.1</b>	<b>32,003.5</b>

## (a) Analysis of asset revaluation reserve

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Hotel properties	<b>3,236.6</b>	6,195.7	–	–
Investment properties	<b>11,231.7</b>	13,150.1	<b>27.2</b>	29.1
Investment securities	<b>656.9</b>	742.8	<b>167.1</b>	329.7
	<b>15,125.2</b>	20,088.6	<b>194.3</b>	358.8

(b) Distributable reserves of the Company at 30 June 2002 amounted to HK\$12,539.1 million (2001:HK\$11,568.7 million).

## 27 Mandatorily Convertible Bonds

In April 1999, New World Infrastructure Limited ("NWI") issued US\$150.0 million mandatorily convertible bonds. The holder of the bonds has the option to convert the bonds into shares of HK\$1.00 each of NWI at a conversion price of HK\$12.00 per share, subject to adjustment, at any time on or before 30 April 2002. The bonds bore interest at the higher of 5% per annum and a percentage rate equivalent to the dividends declared or paid by NWI during the relevant interest payment period divided by the conversion price payable semi-annually in arrears. On 30 April 2002, the bonds were converted in full into the shares of NWI.

## 28 Long Term Liabilities

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Bank loans				
Secured	<b>9,151.4</b>	8,595.4	–	–
Unsecured	<b>19,272.7</b>	19,766.7	–	–
Other secured loans				
Wholly repayable within five years	<b>250.0</b>	250.0	–	–
Other unsecured loans				
Wholly repayable within five years	<b>551.0</b>	619.5	–	–
Not wholly repayable within five years	<b>59.5</b>	–	–	–
Obligations under finance leases (Note a)				
Wholly repayable within five years	<b>115.1</b>	37.4	–	–
	<b>29,399.7</b>	29,269.0	–	–
Convertible bonds (Note b)	<b>4,063.5</b>	5,026.3	–	–
Debentures (Note c)	–	337.1	–	–
Loans from minority shareholders (Note d)	<b>2,546.6</b>	2,881.5	–	–
Deferred income	<b>642.7</b>	643.9	–	–
Long term accounts payable	<b>1,029.7</b>	842.7	<b>258.0</b>	344.0
	<b>37,682.2</b>	39,000.5	<b>258.0</b>	344.0
Amounts repayable within one year				
included in current liabilities	<b>(13,752.9)</b>	(9,029.6)	<b>(86.0)</b>	(86.0)
	<b>23,929.3</b>	29,970.9	<b>172.0</b>	258.0



**28 Long Term Liabilities** (continued)

	Group					Total HK\$m
	Secured bank loans HK\$m	Unsecured bank loans HK\$m	Other secured loans HK\$m	Other unsecured loans HK\$m	Obligations under finance leases HK\$m	
The maturity of long term borrowings for 2002 is as follows:						
Within one year	931.4	10,371.1	250.0	351.0	39.3	11,942.8
In the second year	1,765.8	2,136.9	–	200.0	55.4	4,158.1
In the third to fifth year	6,041.6	6,764.7	–	–	20.4	12,826.7
After the fifth year	412.6	–	–	59.5	–	472.1
	<b>9,151.4</b>	<b>19,272.7</b>	<b>250.0</b>	<b>610.5</b>	<b>115.1</b>	<b>29,399.7</b>
The maturity of long term borrowings for 2001 is as follows:						
Within one year	2,045.5	5,947.1	–	6.4	13.0	8,012.0
In the second year	917.1	7,843.3	250.0	354.5	13.7	9,378.6
In the third to fifth year	5,426.3	5,965.8	–	201.3	10.7	11,604.1
After the fifth year	206.5	10.5	–	57.3	–	274.3
	<b>8,595.4</b>	<b>19,766.7</b>	<b>250.0</b>	<b>619.5</b>	<b>37.4</b>	<b>29,269.0</b>

**(a) Finance lease obligations – minimum lease payments**

	Group	
	2002 HK\$m	2001 HK\$m
Within one year	<b>42.3</b>	15.4
In the second year	<b>59.9</b>	15.0
In the third to fifth year	<b>20.6</b>	10.9
	<b>122.8</b>	41.3
Future finance charges on finance leases	<b>(7.7)</b>	(3.9)
Present value of finance lease liabilities	<b>115.1</b>	37.4

**(b) Convertible bonds**

	Group	
	2002 HK\$m	2001 HK\$m
Bonds to be converted into shares of:		
The Company (Note (i))	<b>2,713.0</b>	2,713.0
Subsidiary companies (Notes (ii) and (iii))	<b>1,350.5</b>	2,313.3
	<b>4,063.5</b>	5,026.3

- (i) In June 1999, a subsidiary company has issued US\$300.0 million convertible guaranteed bonds which carry interest at 3% per annum payable semi-annually in arrears. The bonds are guaranteed by the Company and listed on the Luxembourg Stock Exchange. Each holder of the bonds has the option to convert the bonds into shares of HK\$1.00 each of the Company at a conversion price of HK\$24.60 per share, subject to adjustment, at any time between 9 August 1999 and 9 May 2004. A further US\$50.0 million convertible bonds was issued in July 1999 at the same terms and conditions. Unless previously converted, redeemed or cancelled, the bonds will be redeemed at 123.104% of their principal amount together with accrued interest on 9 June 2004. Provision for the premium payable has been made in the accounts so as to provide a constant periodic rate of charge to the profit and loss account over the term of the bonds.
- (ii) NWI has issued US\$250.0 million convertible bonds which carry interest at 5% per annum payable in arrears. The bonds are listed on the Luxembourg Stock Exchange. Each holder of the bonds has the option to convert the bond into shares of HK\$1.00 each of NWI at the conversion price of HK\$19.61 per share, subject to adjustment, at any time until 2 July 2001. During the year, bonds with principal amount of US\$15,000 were converted into shares of HK\$1.00 each of NWI, the remaining balance of the bonds were redeemed at par by NWI on 15 July 2001.
- (iii) In March 1998, NWI issued US\$250.0 million convertible bonds which bear interest at 1% per annum payable semi-annually in arrears. The bonds are listed on the Luxembourg Stock Exchange. Each holder of the bonds has the option to convert the bonds into shares of HK\$1.00 each of NWI at the conversion price of HK\$23.05 per share, subject to adjustment, at any time until 1 April 2003. Subject to certain conditions being met, the bonds are redeemable at the option of NWI at any time on or after 15 April 2001, in whole or in part, in cash and/or for NWI shares. Unless previously converted, redeemed or repurchased the bonds will be redeemed at 143.4% of their principal amount together with accrued interest on 15 April 2003. Provision for the premium payable has been made in the accounts so as to provide a constant periodic rate of charge to the profit and loss account over the term of the bonds.

During the year, NWI repurchased bonds with an aggregate principal amount of US\$4.0 million (2001: Nil) for a total consideration of HK\$39.6 million and these bonds were then cancelled. Provision for premium on redemption of the bonds of HK\$8.3 million was applied to set off against the deficit arising from the repurchase of the bonds.

### **(c) Debentures**

The debentures were issued by a subsidiary company which operated a proprietary club. The debentures were unsecured, interest free, transferrable at the subsidiary company's consent and redeemable at par upon the expiry of fifty years from the dates of issue or at any earlier time at the subsidiary company's discretion. The subsidiary company was disposed of during the year.

### **(d) Loans from minority shareholders**

The loans from minority shareholders include loans of HK\$1,052.5 million (2001: HK\$1,039.6 million) to certain consolidated joint ventures, which are unsecured, carry interest at fixed rates ranging from 10% to 15% (2001: 10% to 15%) per annum and have repayment terms specified in the relevant joint venture agreements. The remaining balance is unsecured, interest free and has no specific repayment terms.

## 29 Deferred Taxation

	Group	
	2002 HK\$m	2001 HK\$m
Balance at 1 July	24.8	18.6
Transfer from profit and loss account	38.1	6.5
Disposal of subsidiary companies	–	(0.3)
Balance at 30 June	<b>62.9</b>	24.8
Provided for in respect of:		
Accelerated depreciation allowances	<b>153.4</b>	20.2
Other timing differences	<b>(90.5)</b>	4.6
	<b>62.9</b>	24.8

The potential deferred taxation (assets)/liabilities not provided for in the accounts amounts to:

Accelerated depreciation allowances	<b>328.0</b>	431.3
Other timing differences	<b>(806.1)</b>	(894.2)
	<b>(478.1)</b>	(462.9)

No provision has been made in respect of the revaluation surplus arising from the revaluation of the Group's and/or the Company's investment properties and hotel properties other than in PRC as they do not constitute timing differences. Realisation of the surplus on revaluation of the Group's investment and hotel properties in PRC would give rise to a taxation liability in the PRC. No provision has been made in the accounts for this liability as these properties are held for the long term and management has no intention to dispose of these properties in the foreseeable future.

## 30 Pensions and Retirement Benefits

During the year, the Group operates a number of pension and retirement schemes (the Occupational Retirement Scheme ("ORSO Scheme") and the Mandatory Provident Fund Scheme ("MPF Scheme")). The majority of the schemes are defined contribution schemes which are mainly operated in Hong Kong and cover approximately 90% of the Group's employees who are entitled to join such schemes. The remaining are a few defined benefit schemes mainly for executive officers. The total amount charged to the profit and loss account in respect of all the Group's pension and retirement schemes was HK\$121.5 million (2001: HK\$118.7 million).

Contributions to the defined contribution schemes either by the Group or by the employees are based on a percentage of employees' salaries ranging from 5% to 21%, depending upon the length of service of the employees. Commencing on 1 December 2000, newly-joined employees are compulsorily required to join the MPF Schemes. The Group's contributions to the MPF Schemes are ranging from 5% to 15% of employee's salaries depending on length of service and are expensed as incurred. The amount charged to the profit and loss account in respect of these schemes was HK\$119.4 million (2001: HK\$117.2 million) after netting off forfeited contribution of HK\$6.4 million (2001: HK\$8.9 million).

### 31 Commitments

#### (a) Capital commitments

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Contracted but not provided for				
Fixed assets	<b>713.3</b>	472.5	–	–
An associated company	<b>49.5</b>	–	–	–
Subsidiary companies	–	–	<b>55.0</b>	55.0
Jointly controlled entities	<b>258.6</b>	675.9	–	121.0
Other investments	–	15.6	–	–
	<b>1,021.4</b>	1,164.0	<b>55.0</b>	176.0
Authorised but not contracted for				
Fixed assets	<b>248.3</b>	440.1	–	–
Jointly controlled entities	<b>628.8</b>	1,615.7	–	–
	<b>877.1</b>	2,055.8	–	–

	Group	
	2002 HK\$m	2001 HK\$m
The Group's share of capital commitments committed by the jointly controlled entities not included above are as follows:		
Contracted but not provided for	<b>171.8</b>	509.0
Authorised but not contracted for	<b>89.4</b>	130.0
	<b>261.2</b>	639.0

#### (b) Commitments under operating leases

The future aggregate lease payments under non-cancellable operating leases are as follows:

	Group	
	2002 HK\$m	2001 HK\$m
Land and buildings		
In the first year	<b>351.2</b>	281.3
In the second to fifth year inclusive	<b>664.9</b>	441.6
After the fifth year	<b>1,755.1</b>	342.4
	<b>2,771.2</b>	1,065.3
Other equipment		
In the first year	<b>21.2</b>	20.0
In the second to fifth year inclusive	<b>19.7</b>	39.6
	<b>2,812.1</b>	1,124.9

### 31 Commitments (continued)

- (c) At 30 June 2002, the Group had issued performance guarantees amounting to approximately HK\$316.2 million (2001: HK\$166.2 million), in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of property projects developed by a subsidiary and certain jointly controlled entities of the Group. Pursuant to the terms of the performance guarantees, upon default in mortgage payments by these purchasers, the Group is obliged to repay the outstanding mortgage principals together with accrued interest owed by the defaulted purchasers to the banks while the Group is entitled to take possession of the related properties.
- (d) A subsidiary company and certain jointly controlled entities are parties to agreements with third parties in respect of the joint development of Container Terminal 9 in Hong Kong, the related berth swap arrangement and the funding thereof. The Group's attributable share of capital commitments as at 30 June 2002 has been disclosed in Note (a) above.

One of the jointly controlled entities has obtained banking facilities to finance its share of development costs at Container Terminal 9. The Group has given guarantee in respect of the banking facilities and is included in Note 32.

In the event of default of any of the other shareholders of the jointly controlled entities, independent third parties, the relevant subsidiary companies and jointly controlled entities will be required to provide additional funds for the project. The Group has given guarantees in respect of the obligations of the relevant subsidiary companies and jointly controlled entities to provide additional funds. If the Group is required to fulfil its obligations under the guarantees, the maximum amount of the additional commitments assumed, in addition to the Group's share of the capital commitments as disclosed above, will be HK\$1,482.0 million (2001: HK\$1,482.0 million) out of which approximately HK\$876.0 million has been counter-indemnified by an associated company.

#### (e) Future minimum rental payments receivable

The future minimum rental payments receivable under non-cancellable leases are as follows:

	Group	
	2002 HK\$m	2001 HK\$m
In the first year	<b>509.5</b>	483.9
In the second to fifth year inclusive	<b>555.2</b>	473.6
After the fifth year	<b>146.1</b>	78.6
	<b>1,210.8</b>	1,036.1

The Group's operating leases are for terms ranging from one to six years.

## 32 Contingent Liabilities

	Group		Company	
	2002 HK\$m	2001 HK\$m	2002 HK\$m	2001 HK\$m
Guarantees for				
Performance bonds in respect of construction contracts undertaken by the Group	<b>1,140.4</b>	1,557.7	–	10.5
Other performance bonds	<b>384.7</b>	344.7	<b>333.0</b>	327.3
Guarantees for credit facilities granted to				
Subsidiary companies	–	–	<b>25,033.5</b>	28,913.4
Associated companies	<b>159.1</b>	686.1	–	632.6
Investee companies included under other investments	<b>5.5</b>	9.4	<b>5.5</b>	5.5
Jointly controlled entities	<b>4,059.6</b>	4,202.9	<b>1,697.3</b>	1,924.7
Indemnity to non-wholly owned subsidiary companies for PRC tax liabilities	<b>2,135.3</b>	2,305.3	<b>7,059.0</b>	7,783.0
	<b>7,884.6</b>	9,106.1	<b>34,128.3</b>	39,597.0

The Group is in legal disputes with a joint venture partner who took legal action against the Group in respect of certain property development projects jointly developed by them, though as at the date of this report, no statement of claims setting out details of the claims have been rendered to the Group. On the other hand, the Group also took counter action against the joint venture partner. The Directors have obtained legal advice on the matter and are of the opinion that the matter will not have material impact on the financial position of the Group.

### 33 Notes to Consolidated Cash Flow Statement

#### (a) Reconciliation of operating profit to net cash inflow from operating activities

	2002 HK\$m	2001 HK\$m (As restated)
Operating profit	<b>1,700.0</b>	232.2
Depreciation	<b>1,174.2</b>	1,048.0
Amortisation of goodwill/(negative goodwill)		
Associated companies	<b>(15.7)</b>	–
A jointly controlled entity	<b>1.1</b>	–
Subsidiary companies	<b>8.5</b>	–
Impairment		
Fixed assets	<b>166.3</b>	–
Goodwill	<b>2.1</b>	262.5
Jointly controlled entities	<b>41.4</b>	–
Loss on dilution of interests in subsidiary companies	<b>132.3</b>	22.9
Net (profit)/loss on disposal of		
Fixed assets	<b>(2,374.2)</b>	10.7
Associated companies	<b>(4.7)</b>	304.9
Jointly controlled entities	<b>(114.9)</b>	(93.9)
Other investments	<b>(198.9)</b>	11.8
Subsidiary companies	<b>(440.4)</b>	(56.9)
Provision for advances to joint ventures	<b>535.4</b>	312.6
Provision for diminution in value of properties held for sale	<b>325.6</b>	221.7
Provision for investments in		
An associated company	<b>37.3</b>	–
A joint development project	<b>75.0</b>	40.0
Jointly controlled entities	<b>67.7</b>	–
Listed and unlisted shares	<b>248.7</b>	313.6
Profit on repurchase of convertible bonds	–	(1.8)
Surplus on liquidation of subsidiary companies	–	(7.7)
Surplus on liquidation of an associated company	–	(1.8)
Write back of provision for investment in unlisted shares	–	(12.5)
Write back of provision for diminution in value of properties held for sale	–	(231.0)
Write back of provision for advance to an associated company	<b>(92.6)</b>	(5.0)
Exchange gain	<b>(19.6)</b>	(15.3)
Increase in stocks	<b>(384.3)</b>	(469.9)
(Increase)/decrease in properties held for sale	<b>(1,225.4)</b>	2,735.6
Decrease/(increase) in debtors and prepayments	<b>195.4</b>	(2,834.4)
Decrease/(increase) in other loans receivable	<b>7.5</b>	(163.4)
Increase/(decrease) in creditors and accrued charges	<b>1,867.5</b>	(354.1)
Decrease in contracts in progress	<b>(580.9)</b>	(35.6)
(Decrease)/increase in deposits received on sale of properties	<b>(501.5)</b>	300.5
Net interest expenses and dividend income	<b>1,309.2</b>	1,504.0
Net cash inflow from operating activities	<b>1,942.1</b>	3,037.7

	2002 HK\$m	2001 HK\$m
<b>(b) Acquisition of subsidiary companies</b>		
Net assets acquired		
Fixed assets	<b>3.3</b>	59.1
Stocks	<b>282.7</b>	31.3
Properties held for sale	<b>317.0</b>	1,003.1
Other investments	–	9.9
Debtors and prepayments	<b>4.5</b>	145.6
Tax recoverable	–	2.7
Cash and bank balances	<b>29.1</b>	151.2
Creditors and accrued charges	<b>(271.4)</b>	(233.1)
Short term bank loans	–	(72.1)
Long term liabilities	<b>(6.5)</b>	(7.0)
Minority interests	<b>3.2</b>	24.6
	<b>361.9</b>	1,115.3
Less: Interests originally held by the Group		
Associated companies	<b>(28.5)</b>	(17.2)
Jointly controlled entities	<b>(266.4)</b>	(984.3)
	<b>67.0</b>	113.8
Goodwill on acquisition	<b>0.7</b>	87.4
	<b>67.7</b>	201.2
Represented by:		
Cash	<b>67.7</b>	201.2
<b>(c) Analysis of net outflow of cash and cash equivalents in respect of the acquisition of subsidiary companies</b>		
Cash consideration	<b>(67.7)</b>	(201.2)
Cash and bank balances acquired	<b>29.1</b>	151.2
	<b>(38.6)</b>	(50.0)

The subsidiary companies acquired during the year utilised HK\$119.8 million (2001: contributed HK\$105.9 million) of the Group's net operating cash flows, utilised HK\$0.3 million (2001: HK\$152.9 million) for investing activities, and received HK\$190.7 million (2001: HK\$73.5 million) for financing activities, and paid HK\$0.5 million (2001: Nil) for servicing of finance. The subsidiary companies did not pay nor receive any amount in respect of taxation (2001: Nil).



**33 Notes to Consolidated Cash Flow Statement** (continued)

	2002 HK\$m	2001 HK\$m
<b>(d) Disposal of subsidiary companies</b>		
Net assets disposed		
Fixed assets	<b>1,451.6</b>	443.2
Other investments	<b>1.0</b>	–
Stocks	<b>95.4</b>	53.6
Properties held for sale	<b>74.1</b>	–
Other loans receivable	–	2.4
Debtors and prepayments	<b>811.6</b>	67.1
Cash and bank balances – unrestricted	<b>136.1</b>	49.6
Cash and bank balances – restricted	–	82.7
Creditors and accrued charges	<b>(276.9)</b>	(146.0)
Bank loans and overdrafts	<b>(61.8)</b>	(53.6)
Taxation	<b>(5.9)</b>	(6.2)
Long term liabilities	<b>(800.5)</b>	(138.7)
Deferred taxation	–	(0.3)
Minority interests	<b>(147.3)</b>	(98.1)
	<b>1,277.4</b>	255.7
Goodwill	<b>175.9</b>	6.7
Asset revaluation reserve	<b>(348.9)</b>	–
Net profit on disposals and surplus on liquidation of subsidiary companies	<b>440.4</b>	64.6
	<b>1,544.8</b>	327.0
Represented by:		
Cash	<b>532.4</b>	284.7
Long term receivables	<b>170.0</b>	–
Debtors and prepayments	–	69.3
Other investments	<b>93.3</b>	30.7
Associated companies	<b>94.7</b>	–
Jointly controlled entities	<b>654.4</b>	(57.7)
	<b>1,544.8</b>	327.0
<b>(e) Analysis of net inflow of cash and cash equivalents</b>		
<b>in respect of the disposal of subsidiary companies</b>		
Cash consideration	<b>532.4</b>	284.7
Cash and bank balances disposed	<b>(136.1)</b>	(49.6)
Bank overdrafts discharged	<b>61.8</b>	–
	<b>458.1</b>	235.1

## (f) Analysis of changes in financing

	Share capital (including share premium) HK\$m	Long term liabilities HK\$m	Mandatorily convertible bonds HK\$m	Short term bank and other loans HK\$m	Restricted cash and bank balances HK\$m	Minority interests HK\$m	Total HK\$m
Balance at 30.6.2000	20,974.7	36,898.3	1,162.2	1,096.5	(558.1)	17,298.7	76,872.3
Net cash (outflow)/inflow from financing	(0.2)	2,381.0	-	449.8	(1,271.6)	131.0	1,690.0
Scrip dividends issued	204.5	-	-	-	-	-	204.5
Profit on repurchase of convertible bonds	-	(1.8)	-	-	-	-	(1.8)
Partial disposal of interest in subsidiary companies	-	-	-	-	-	40.4	40.4
Acquisition of additional interests in subsidiary companies	-	(460.8)	-	-	-	209.9	(250.9)
Disposal of subsidiary companies	-	(138.7)	-	(53.6)	82.7	(98.1)	(207.7)
Conversion of bonds	2.4	(2.4)	-	-	-	-	-
Decrease in deferred interest income	-	(292.9)	-	-	-	-	(292.9)
Increase in long term accounts payable	-	532.0	-	-	-	-	532.0
Acquisition of subsidiary companies	-	7.0	-	72.1	-	(24.6)	54.5
Increase in minority interests from dilution of interests in a subsidiary company	-	-	-	-	-	22.9	22.9
Minority interests' share of net profit and other reserves	-	-	-	-	-	161.8	161.8
Dividends to minority shareholders	-	-	-	-	-	(318.1)	(318.1)
Inception of finance leases	-	6.5	-	-	-	-	6.5
Land use right contributed by a minority shareholder	-	72.3	-	-	-	-	72.3
Translation difference	-	-	-	-	-	(16.2)	(16.2)
Balance at 30.6.2001	21,181.4	39,000.5	1,162.2	1,564.8	(1,747.0)	17,407.7	78,569.6
Net cash (outflow)/inflow from financing	(0.3)	(842.3)	-	1,282.0	(657.4)	40.0	(178.0)
Scrip dividends issued	217.7	-	-	-	-	-	217.7
Partial disposal of interest in subsidiary companies	-	-	-	-	-	48.0	48.0
Goodwill on acquisition of additional interest in subsidiary companies	-	-	-	-	-	131.1	131.1
Acquisition of additional interests in subsidiary companies	-	-	-	-	-	(908.9)	(908.9)
Disposal of subsidiary companies	-	(800.5)	-	-	-	(147.3)	(947.8)
Conversion of bonds	-	-	(1,162.2)	-	-	1,162.2	-
Increase in deferred interest income	-	19.9	-	-	-	-	19.9
Increase in long term accounts payable	-	194.9	-	-	-	-	194.9
Acquisition of subsidiary companies	-	6.5	-	-	-	(3.2)	3.3
Increase in minority interests from dilution of interests in a subsidiary company	-	-	-	-	-	132.3	132.3
Minority interests' share of net profit and other reserves	-	-	-	-	-	471.7	471.7
Dividends to minority shareholders	-	-	-	-	-	(325.3)	(325.3)
Inception of finance leases	-	103.2	-	-	-	-	103.2
Release of reserves upon disposal of a jointly controlled entity	-	-	-	-	-	67.7	67.7
Translation difference	-	-	-	-	-	(6.2)	(6.2)
<b>Balance at 30.6.2002</b>	<b>21,398.8</b>	<b>37,682.2</b>	<b>-</b>	<b>2,846.8</b>	<b>(2,404.4)</b>	<b>18,069.8</b>	<b>77,593.2</b>

### 33 Notes to Consolidated Cash Flow Statement (continued)

#### (g) Analysis of cash and cash equivalents

	2002 HK\$m	2001 HK\$m
Cash and bank balances	<b>7,093.9</b>	9,809.6
Bank loans and overdrafts	<b>(3,718.3)</b>	(2,460.3)
	<b>3,375.6</b>	7,349.3
Add: Bank loans maturing more than three months from the date of drawdown	<b>2,799.4</b>	1,515.8
Less: Bank deposits maturing more than three months from the date of placement	<b>(558.8)</b>	(131.3)
Less: Restricted cash and bank balances	<b>(2,404.4)</b>	(1,747.0)
	<b>3,211.8</b>	6,986.8

#### (h) Non-cash transactions

During the year, the Group disposed all of its interests in New World CyberBase Limited, an investment security held by a subsidiary, to a third party at a consideration of HK\$49.3 million. The consideration was satisfied by shares and convertible bond issued from Asia Logistics Technologies Limited, which is a company controlled by an independent third party, at the sums of HK\$10.0 million and HK\$39.3 million respectively.

The Group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of HK\$103.2 million.

In 2001, the Group acquired the development right of a joint development project for a consideration of HK\$430.0 million, of which HK\$86.0 million was paid as at 30 June 2001. The remaining balance payable was included in long term accounts payable.

In 2001, NWCL acquired 49.0% interest in New World Anderson Development Company Limited, being a 51.0% subsidiary company of NWCL before the acquisition, from Anderson International Investment Limited ("Anderson International") at a consideration of HK\$406.6 million. The consideration was satisfied by HK\$90.0 million in cash and the remaining balance was set-off against an outstanding amount of HK\$316.6 million due and payable by Anderson International to the Group.

### 34 Related Party Transactions

The following is a summary of significant related party transactions during the year carried out in the normal course of the Group's business:

	2002 HK\$m	2001 HK\$m
Transactions with affiliated companies (Note a)		
Rental income (Note b)	<b>13.7</b>	19.3
Provision of contracting work service (Note c)	<b>77.7</b>	246.8
Interest income (Note d)	<b>236.5</b>	164.9
Management fee income (Note e)	<b>13.3</b>	11.0
Purchase of raw materials (Note f)	<b>673.8</b>	500.2
Acquisitions of a subsidiary (Note g)	<b>43.0</b>	-
Transaction/balances with other related parties		
Rental income (Note b)	<b>18.8</b>	15.4
Purchases of fixed assets (Note h)	-	6.8
Account payable (Note i)	<b>2,239.5</b>	605.7

Notes:

- (a) Affiliated companies include associated companies and jointly controlled entities.
- (b) Rental income is charged in accordance with tenancy agreements.
- (c) Revenue from provision of contracting work are principally charged at terms no less favourable than those charged to third party customers of the Group.
- (d) Interest income are charged at interest rates as specified in Notes 15 and 16 on the outstanding balances due by the affiliated companies.
- (e) Management fee income are charged at a fixed rate in accordance with relevant contracts.
- (f) Raw materials were purchased from an affiliated company at a price approximate to its original purchase costs from third party suppliers. The Group also paid approximately HK\$969.0 million (2001: HK\$698.0 million) to the affiliated company as trade deposits for the further purchase of inventories.
- (g) On 31 May 2002, the Group purchased the entire issued share capital of Ngo Kee Construction Company Limited from Wai Kee Holdings Limited, an associated company, at a cash consideration of HK\$43.0 million.
- (h) Certain transactions had been entered into between subsidiary companies of the Group and Infa Telecom Asia Limited, for the purchase of fixed assets, mobile phones and accessories.
- (i) The amounts payable are unsecured, and are repayable on demand. Except for the amount of HK\$1,386.0 million (2001: HK\$605.7 million) which bears interest at the Hong Kong Prime rate per annum, the remaining balances bear interest ranging from 0.5% above the Hong Kong Interbank Offered Rate to 1.0% above the Hong Kong Interbank Offered Rate.

### 35 Post Balance Sheet Event

- (a) On 29 June 2002, the Group entered into a conditional agreement for the sale of its entire interest in certain subsidiary companies holding the Group's interest in Jincheng to Jiaozuo Expressway (Shanxi Section) at a cash consideration of approximately HK\$650.0 million. The transaction was completed in September 2002 and the disposal will not have significant financial effect to the Group for the year ending 30 June 2003.
- (b) On 18 October 2002, the Board of Directors of the Company resolved to implement a Group reorganisation whereby the entire 52.4% interest in New World Services Limited and the investments in road, bridge, water treatment and power plant projects of the 54.3% owned New World Infrastructure Limited ("NWI") would be disposed of to Pacific Ports Company Limited ("PPC"), which is 75.0% owned by NWI. After the reorganisation and the conversion of preference shares of PPC held by NWI and the distribution of PPC shares to NWI's shareholders, the Group would then hold 52.0% interest in PPC and continue to hold 54.3% in NWI.

### 36 Approval of Accounts

The accounts were approved by the Board of Directors on 18 October 2002.

### 37 Principal Subsidiary Companies

As at 30 June 2002

	Share capital issued <sup>#</sup>		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
Addlight Investments Limited	9,998	1	–	56	
	2*	1	–	–	Property Investment
Advance Planner Limited	100	1	40	49	Property Investment
All Speed Investment Limited	2	1	100	100	Property Investment
Arlaken Development Limited	40	100	100	100	Investment Holding
Atlantic Land Properties Limited	2	1	100	100	Investment Holding
Barbican Construction Company Limited	80,002	100	–	51	
	20,000*	100	–	–	Construction
Billionoble Investment Limited	4,998	1	–	54	
	2*	1	–	–	Investment Holding
Billion Huge (International) Limited	950,001	1	–	70	Investment Holding
Billion Town Company Limited	200	10	100	100	Property Trading
Birkenshaw Limited	10,000	1	–	100	Property Investment
Blanca Limited	10,000	1	–	100	Investment Holding
Bright Moon Company Limited	200	10	75	75	Property Trading
Broadway-Nassau Investments Limited	2	10,000	–	51	
	3,000*	10,000	–	–	Property Investment
Calpella Limited	2	10	–	100	Property Investment

As at 30 June 2002

	Share capital issued <sup>#</sup>		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong (continued)					
Care & Services Company Limited	15,000,000	1	–	51	Elderly Care Services
Cheer Best Enterprises Limited	2	1	100	100	Property Investment
Cheong Sing Company Limited	10,000	1	100	100	Property Investment
City Team Development Limited	1,000,000	1	–	81	Property Investment
Crown Field Properties Limited	10	1	–	70	Property Investment
Dragon Crest Limited	2	1	–	100	Property Investment
Extensive Trading Company Limited	600,002 1,500,000*	1 1	– –	51 –	Trading of Building Materials
Far East Engineering Services Limited	766,714 233,288*	10 10	– –	51 –	Engineering Services and Trading
Fook Hong Enterprises Company Limited	10,000	100	100	100	Property Investment
General Security (H.K.) Limited	8,402 11,600*	100 100	– –	51 –	Security Services
Gold Queen Limited	5,000	1	100	100	Property Trading
Gradex Limited	2	1	–	100	Property Investment
Grand Hyatt Hong Kong Company Limited	1,000	1	–	64	Hotel Operation
Hang Bong Company Limited	225,000	1	100	100	Property Trading
Happy Champion Limited	2	1	100	100	Investment Holding
Head Step Limited	2	1	100	100	Property Investment
Hip Hing Construction Company Limited	400,000 600,000*	100 100	– –	51 –	Construction and Civil Engineering
Hong Kong Convention and Exhibition Centre (Management) Limited	3 1*	1 1	– –	51 –	Management of HKCEC
Hong Kong Island Development Limited	33,400,000	5	6	100	Property Investment
Hong Kong Island Landscape Company Limited	580,000 20,000*	10 10	– –	51 –	Landscaping and Project Contracting
Hong Kong New World Department Store Company Limited	968,153,000	1	100	100	Department Stores Operation
Honour Shares Limited	100	1	–	100	Investment Holding
International Property Management Limited	450,000 95,500*	10 10	– –	51 –	Property Management
Joint Profit Limited	2	1	100	100	Property Investment
Keen Sales Limited	2 2*	1 1	– –	41 –	Investment Holding
Kentfull Contracting Limited	5,000,000	1	–	36	Interior Decoration Contracting
Kin Kiu Enterprises Limited	10,000	1,000	100	100	Investment Holding
King Lee Investment Company Limited	300	1,000	100	100	Investment Holding
Kiu Lok Service Management Company Limited	2 1,002*	100 100	– –	51 –	Property Management
Kiwi Kleeners Limited	1,000	100	–	51	Trading of Linen
Kleaners Limited	5,000,000	1	–	51	Laundry Services
Koon Soon Limited	2	1	–	100	Property Investment

### 37 Principal Subsidiary Companies (continued)

As at 30 June 2002

	Share capital issued <sup>#</sup>		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong (continued)					
Kunming Fulintang Pharmaceutical Co., Ltd.	Rmb50,000,000	–	–	65	Pharmaceutical Chain Store
Loyalton Limited	2	10	–	100	Property Investment
Macdonnell Hostel Company Limited	2	1	100	100	Hostel Management and Operation
Mega Choice Holdings Limited	100	1	80	80	Property Investment
Mega Fountain Limited	2	1	100	100	Property Trading
Millennium Engineering Limited (formerly Lucking (Asia) Engineering Company Limited)	10,000,000	1	–	45	Supply and Installation of Aluminium Windows and Curtain Wall
New China Laundry Limited (formerly New China Steam Laundry Company Limited)	40,000,002 704,000*	1 1	– –	51 –	Laundry Services
New Waly Interior Products Limited	1,000,000	1	–	36	Trading of Interior Product
New World Department Stores Limited	2	1	–	100	Management Services to Department Stores
New World Development (China) Limited	2 2*	1 1	– –	70 –	Investment Holding
New World Finance Company Limited	200,000	100	100	100	Financial Services
New World Harbourview Hotel Company Limited	1,000	1	–	64	Hotel Operation
New World Hotel Company Limited	40,000,000	1	–	64	Hotel Operation
New World Insurance Services Limited	1,000,000	1	–	51	Insurance Brokerage Service
NWD (Hotels Investments) Limited	576,000,000	0.25	–	64	Investment Holding
New World Investments Limited	2	1	100	100	Property Investment
New World Nominee Limited	2	100	100	100	Nominee Services
New World PCS Limited	1,000,000	1	–	100	Mobile Telecommunication Services
New World Real Estate Agency Limited	2	1	100	100	Estate Agency
New World Tacko (Xian) Limited	10,000	1	–	45	Investment Holding
New World Telephone Holdings Limited	200	1	100	100	Investment Holding
New World Telephone Limited	2	1	–	100	Telecommunication Services
New World Tower Company Limited	2	10	–	100	Property Investment
Ngo Kee Construction Company Limited	270,000 1**	100 1	– –	51 51	Building and Construction
Paterson Plaza Properties Limited	10,000	1	–	100	Property Investment
Peterson Investment Company Limited	10,000	1	100	100	Property Investment
Pollution & Protection Consultant Limited	2 14,420*	100 100	– –	51 –	Cleaning Services
Pollution & Protection Services Limited	8,057,780 500,020*	1 1	– –	51 –	Cleaning Services
Polytown Company Limited	2 100,000*	10 10	– –	51 –	Property Investment
Pontiff Company Limited	10,000,000	1	–	100	Property Investment
Pridemax Limited	2	1	–	100	Property Investment
Ready City Limited	200	1	–	41	Investment Holding

As at 30 June 2002

	Share capital issued <sup>#</sup>		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong (continued)					
Spotview Development Limited	10,000	1	–	100	Property Investment
Tai Yieh Construction & Engineering Company Limited	40,000 10,000*	1,000 1,000	– –	51 –	Construction and Civil Engineering
Tao Yun Company Limited	2	10	–	100	Property Trading
Team Deco International Limited	2	1	–	51	Interior Design
Thyme Company Limited	500	10	70	89	Property Investment
Trend Island Limited	2	1	–	70	Investment Holding
True Hope Investment Limited	4,998 2*	1 1	– –	54 –	Investment Holding
Tridant Engineering Company Limited	34,400,000 15,600,000*	1 1	– –	51 –	Electrical Contracting and Instrument Sales
Try Force Limited	4,998 2*	1 1	– –	54 –	Investment Holding
Tsuen Wan Properties Limited	200	100	–	100	Property Investment
Uniformity Security Company Limited	2 2,500*	100 100	– –	51 –	Security Services
Urban Parking Limited	5,000,000	1	–	51	Carpark Management
Urban Property Management Limited	49,995,498 4,502*	1 1	– –	51 –	Property Management
Vibro (HK) Limited	10,000,002	3	–	51	Piling and caisson
Wai Hong Cleaning & Pest Control Company Limited	200,000	100	–	51	Cleaning and Pest Control Services
Waking Builders Limited	20,000	1,000	–	51	Construction
Waygent Investment Limited	2	1	100	100	Property Investment
World Empire Property Limited	2	1	100	100	Property Investment
Young's Engineering Company Limited	4,000,000	10	–	51	Electrical and Mechanical Engineering
Incorporated in Cayman Islands and operated in Hong Kong					
New World China Land Limited	1,481,901,894	HK\$0.10	68	70	Investment Holding
NW China Homeowner Development Limited	5,363,925	US\$0.01	–	70	Investment Holding
New World Infrastructure Limited	952,180,007	HK\$1	–	54	Investment Holding
New World Services Limited	1,083,333,333	HK\$0.10	–	51	Investment Holding
Incorporated and operated in the Philippines					
New World International Development Philippines, Inc.	6,988,016	Peso100	–	27	Hotel Operation

# Represented ordinary share capital, unless otherwise stated

\* Non-voting deferred shares

\*\* Non-voting preference shares



### 37 Principal Subsidiary Companies (continued)

As at 30 June 2002

	Registered capital	Attributable interest (Note a)		Principal activities
		To the Company	To the Group	
Incorporated and operated in the People's Republic of China				
Beijing Autotech Service Co., Ltd.	US\$2,550,000	–	100	Auto Repair Centre
Dalian New World Plaza International Co., Ltd.	Rmb 58,000,000	–	61	Property Investment
Fung Seng Real Estate Development (Shanghai) Co., Ltd.	US\$10,000,000	–	56	Property Investment
Gaoming Xinming Bridge Ltd.	Rmb 60,000,000	–	44	Operation of Toll Bridge
Guangdong Xinzhaoqiao Highways Co., Ltd.	Rmb 80,000,000	–	38	Operation of Toll Road
Guangxi Beiliu Xinbei Highways Limited	Rmb 99,200,000	–	33	Operation of Toll Road
Guangxi Cangwu Xincang Highways Limited	Rmb 64,000,000	–	38	Operation of Toll Road
Guangxi Rongxian Xinrong Highways Limited	Rmb 82,400,000	–	38	Operation of Toll Road
Guangxi Yulin Xintong Highways Limited	Rmb 64,000,000	–	33	Operation of Toll Road
Guangxi Yulin Xinye Highways Limited	Rmb 63,800,000	–	33	Operation of Toll Road
Guangxi Yulin Xinyu Highways Limited	Rmb 96,000,000	–	33	Operation of Toll Road
Guangzhou Metropolitan Properties Co., Ltd.	HK\$140,000,000	100	100	Property Investment
Guangzhou New World Properties Development Co., Ltd.	HK\$170,000,000	100	100	Property Investment
Guangzhou Xinhua Chen Estate Co., Ltd.	Rmb 200,000,000	–	70	Property Investment
Guangzhou Xin Hua Jian Property Development Co., Limited	Rmb 244,000,000	–	70	Property Investment
Guangzhou Xin Yi Development Limited	HK\$286,000,000	–	63	Property Investment
Nanjing Huawei Real Estate Development Co., Ltd.	US\$12,000,000	–	64	Property Investment
New World Anderson (Tianjin) Development Co., Ltd.	US\$10,000,000	–	70	Property Investment
New World Development Limited (Wuhan) Co., Ltd.	US\$12,000,000	–	70	Property Investment
New World (Shenyang) Property Development Limited	Rmb 97,720,000	–	63	Property Investment
New World (Tianjin) Development Co., Limited	US\$5,000,000	100	100	Property Investment
Ningbo New World Department Store Limited	Rmb 40,000,000	–	100	Department Store Operation
Ningbo Firm Success Consulting Development Company Limited	US\$5,000,000	–	100	Investment Holding
Shanghai Heyu Properties Co., Ltd.	US\$12,000,000	–	45	Property Investment

As at 30 June 2002

	Registered capital/ issued share capital		Attributable interest (Note a)		Principal activities
	Amount/ Number	Par value per share	To the Company	To the Group	
Incorporated and operated in the People's Republic of China (continued)					
Shanghai Juyi Real Estate Development Co., Ltd.	Rmb 128,000,000	–	–	56	Property Investment
Shanghai Ramada Plaza Ltd.	US\$34,000,000	–	–	40	Property Investment
Shenyang New World Department Store Limited	Rmb 30,000,000	–	–	100	Department Store Operation
Shenzhen Topping Real Estate Development Co., Ltd.	HK\$182,000,000	–	–	63	Property Investment
Sichuan New World Danshen Base Industrial Co., Ltd.	Rmb 30,000,000	–	–	100	Chinese Herbal Cultivation
Tianjin New World Department Store Limited	US\$5,000,000	–	–	100	Department Store Operation
Wuhan Bridge Construction Co., Limited	502,850,000	Rmb1	–	27	Operation of Toll Bridges
Wuhan New Eagle Development Co., Limited	US\$10,000,000	–	–	95	Property Investment
Wuxi New World Department Store Limited	US\$5,000,000	–	–	100	Department Store Operation
Wuzhou Xinwu Highways Co., Limited	Rmb 72,000,000	–	–	24	Operation of Toll Road
Yunfu Xinxing Highways Limited	Rmb 30,000,000	–	–	30	Operation of Toll Road
Zhaoqing Xinde Highways Co., Ltd.	Rmb 165,867,000	–	–	24	Operation of Toll Road
Zhaoqing Xinfeng Highways Co., Ltd.	Rmb 94,000,000	–	–	24	Operation of Toll Road
Zhaoqing Xingao Highways Co., Ltd.	Rmb 54,000,000	–	–	22	Operation of Toll Road
Zhaoqing Xinhui Highways Co., Ltd.	Rmb 103,500,000	–	–	27	Operation of Toll Road
Zhaoqing Xinning Highways Co., Ltd.	Rmb 90,000,000	–	–	30	Operation of Toll Road

Note:

- (a) percentage of equity interest, in the case of equity joint ventures or joint stock limited company or profit sharing percentage, in the case of co-operative joint ventures.

### 37 Principal Subsidiary Companies (continued)

As at 30 June 2002

	Ordinary share capital issued		Percentage of equity shares held		Principal activities
	Number	Par value per share	By the Company	By the Group	
Incorporated in Bermuda and operated in Hong Kong					
Pacific Ports Company Limited	2,059,968,000	HK\$0.10	–	41	
	3,193,654,306 <sup>^</sup>	HK\$0.10	–	54	Investment Holding
Incorporated in British Virgin Islands					
Eddington Holdings Limited	100	US\$1	–	82	Investment Holding
Ever Brisk Limited	1	US\$1	–	70	Investment Holding
Hinto Developments Limited	1	US\$1	–	70	Investment Holding
Kiwi Profits Limited	10	US\$1	–	70	Investment Holding
Lotsgain Limited	100	US\$1	–	54	Investment Holding
Magic Chance Limited	1	US\$1	–	70	Investment Holding
Master Services Limited	1,000,000	US\$0.01	–	33	Investment Holding
New World BioSciences Holdings Limited	1	US\$1	–	100	Investment Holding
New World Capital Finance Limited	1	US\$1	100	100	Financial Services
New World Development (BVI) Limited	1	US\$1	100	100	Financial Services
New World Enterprise Holdings Limited	1	US\$1	100	100	Investment Holding
New World First Bus Services Limited	10,000,000	HK\$1	–	51	Bus Services
New World First Ferry Services Limited	1	US\$1	–	51	Ferry Services
New World First Ferry Services (Macau) Limited	1	US\$1	–	51	Ferry Services
New World First Holdings Limited	10,000,000	HK\$1	–	51	Investment Holding
New World Hotels (Corporation) Limited	1	US\$1	–	64	Investment Holding
New World Industrial Holdings Limited	1	US\$1	–	100	Investment Holding
New World LifeTech Limited	100	US\$1	–	80	Investment Holding
New World Telephone International Limited	100	US\$1	–	100	Provision of Telecommunication Services
New World Venture Holdings Limited	1	US\$1	–	100	Investment Holding
NWD Finance (BVI) Limited	1	US\$1	100	100	Financial Services
Park New Astor Hotel Limited	101	US\$1	–	100	Property Investment
Radiant Glow Limited	1	US\$1	–	70	Investment Holding
Sea Walker Limited	1	US\$1	100	100	Investment Holding
Sparkling Rainbow Limited	1	US\$1	–	70	Investment Holding
Steadfast International Limited	2	US\$1	100	100	Investment Holding
Steady Profits Limited	1	US\$1	–	70	Investment Holding
Sweet Prospects Enterprises Limited	1	US\$1	–	70	Investment Holding
True Blue Developments Limited	1	US\$1	–	70	Investment Holding
Twin Glory Investments Limited	1	US\$1	–	70	Investment Holding

<sup>^</sup> Cumulative convertible redeemable preference shares.

### 38 Principal Associated Companies

As at 30 June 2002

	Share capital issued <sup>#</sup>		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
Birkenhead Property & Investment Limited	1,200,000	1	–	50	Property Investment
CSX World Terminals Hong Kong Limited	55,000 'A'	1	–	–	Operation of Container Terminal
	5,000 'B'	1	–	15	
Estoree Limited	500 'A'	10	–	–	
	500 'B'	10	–	50	
	9,000 'C' **	10	–	–	Property Investment
Ever Light Limited	1,000	1	40	40	Property Investment
Global Perfect Development Limited	1,000,000	1	–	35	Investment Holding
Global Winner Limited	2	1	–	50	Property Investment
Kentfull Engineering Company Limited	10,000	1	–	22	Building Construction
Niceline Company Limited	1,000	1	–	24	Investment Holding
Pure Jade Limited	1,000	1	–	20	Property Investment
Quon Hing Concrete Company Limited	200,000	100	–	26	Production of Concrete
Ranex Investment Limited	100	1	–	10	Property Trading
Shun Tak Centre Limited	1,000	100	–	29	Property Investment
Silverland Limited	4	1	50	50	Property Investment
Sun City Holdings Limited	8,000,000	1	–	21	Investment Holding
Tengis Limited	2	10	–	12	Share Registration, Company Secretarial Services and Business Services
Yargoan Company Limited	150,000	100	–	16	Stone Quarrying
Incorporated and operated in the United States of America					
CyberLancet Corporation	49,000,000 β	–	–	–	Development of Internet Technology
	21,000,000 +	–	–	54	
CyberNova Corporation	30,000,000 β	–	–	–	Development of Cable Modem
	20,000,000 +	–	–	54	
Prediwave Corporation	35,000,000 β	–	–	–	Development of Video-on-demand Technology
	15,000,000 +	–	–	54	
TechStock, Inc.	30,000,000 β	–	–	–	Investment Holding
	20,000,000 +	–	–	54	
Visionaire Technology Corporation	35,000,000 β	–	–	–	Technology
	15,000,000 +	–	–	54	Investment Holding
WarpEra Corporation	42,000,000 β	–	–	–	Development of Computer Hardware and Software
	18,000,000 +	–	–	54	

# Represented ordinary shares, unless otherwise stated.

\* Non-voting deferred ordinary shares.

\*\* Non-cumulative non-voting redeemable preference shares.

β Common stocks.

+ Series A preferred stocks

### 38 Principal Associated Companies (continued)

As at 30 June 2002

	Registered capital/ issued share capital <sup>#</sup>		Percentage of equity shares held		Principal activities
	Amount/ Number	Par value per share	By the Company	By the Group	
Incorporated and operated in Thailand					
Ploenchit Arcade Company Limited	20,000	Baht10,000	–	13	Hotel Investment
Incorporated in British Virgin Islands					
Faith Yard Property Limited	1	US\$1	–	35	Property Investment
Fortune Star Worldwide Limited	100	US\$1	–	28	Investment Holding
Grand Make International Limited	100	US\$1	–	31	Investment Holding
New Dragon Asia Food Limited	1	US\$1	–	32	Investment Holding
New QU Energy Limited	65,000,000 β	–	–	–	Development and Production of Heat Transfer Devices
	35,000,000 +	–	–	35	
Newton Asia Limited	2	US\$1	50	50	Property Investment
Sinclair Profits Limited	10	US\$1	–	35	Investment Holding
Incorporated and operated in the People's Republic of China					
Beijing Chang Le Real Estates Development Co., Ltd.	US\$12,000,000	–	–	24	Property Investment
Beijing Fu Wah Real Estates Development Co., Ltd.	US\$8,000,000	–	–	24	Property Investment
Beijing Niceline Real Estates Development Co., Ltd.	US\$8,000,000	–	–	24	Property Investment
Beijing Po Garden Real Estates Development Co., Ltd.	US\$12,000,000	–	–	24	Property Investment
Shangdong Unison Bioengineering Co., Ltd.	Rmb5,000,000	–	–	35	Chinese Herbal
Shanghai New World Huai Hai Property Development Co., Ltd.	US\$70,000,000	–	–	31	Property Investment
Incorporated in Bermuda and operated in Hong Kong					
Kwoon Chung Bus Holdings Limited	393,906,000	HK\$0.10	–	15	Bus Services
Tai Fook Securities Group Limited	488,409,699	HK\$0.10	–	10	Financial Services
Wai Kee Holdings Limited	773,994,000	HK\$0.10	–	8	Construction and Civil Engineering

# Registered ordinary shares, unless otherwise stated.

β Common stocks.

+ Series A preferred stocks.

### 39 Principal Jointly Controlled Entities

As at 30 June 2002

	Registered capital	Attributable interest $\Omega$		Principal activities
		To the Company	To the Group	
Incorporated and operated in the People's Republic of China				
<i>Equity Joint Ventures</i>				
Beijing Orient Mosler Security Technology Co., Ltd.	US\$2,000,000	–	25	Security System
Guangzhou Oriental Power Co., Limited	Rmb990,000,000	–	14	Generation and Supply of Electricity
Guangzhou Pearl River Power Co., Limited	Rmb420,000,000	–	27	Generation and Supply of Electricity
Hong Kong Jing-Guang Development Ltd	HK\$1,000,000	–	23	Hotel Operation
CSX Orient (Tianjin) Container Terminals Co., Limited (formerly Sea-Land Orient (Tianjin) Container Terminals Co., Limited)	US\$29,200,000	–	11	Operation of Container Terminal
Shanghai Jianmei Property Development Co., Ltd	US\$10,000,000	–	21	Property Investment
Shenyang New World Lumingchun Building Co., Limited	Rmb68,000,000	–	49	Hotel Operation
Wuhan New World Refrigeration Industrial Corporation Limited	Rmb60,000,000	–	50	Refrigeration Equipment Manufacturing
Yixing United Ceramics Company Ltd.	US\$16,360,000	–	48	Ceramics Tiles Manufacturing
<i>Co-operative Joint Ventures</i>				
Beijing-Zhuhai Expressway (Guangzhou- Zhuhai Section) Co., Limited	Rmb580,000,000	–	14	Operation of Toll Road
Beijing Chong Wen-New World Properties Development Co., Limited	US\$104,100,000	–	40-49	Property Investment
Beijing Chong Yu Real Estate Development Co., Limited	US\$81,840,000	–	49	Property Investment
Beijing Xin Kang Real Estate Development Co., Ltd.	US\$12,000,000	–	49	Property Investment
Beijing Xin Lian Hotel Co., Ltd.	US\$12,000,000	–	41	Hotel Operation
China New World Electronics Limited	US\$20,000,000	–	49	Property Investment
Dongguan New World Garden Trade Construction Co., Limited	US\$12,000,000	–	26	Property Investment
Dongguan New World Square Trade Construction Co., Limited	US\$12,000,000	–	26	Property Investment
Grand New World Hotel Company Limited	US\$10,800,000	–	22	Hotel Operation

### 39 Principal Jointly Controlled Entities (continued)

As at 30 June 2002

	Registered capital	Attributable interest $\Omega$		Principal activities
		To the Company	To the Group	
Incorporated and operated in the People's Republic of China (continued)				
<i>Co-operative Joint Ventures (continued)</i>				
Guangzhou Cosmart Estate Development Limited	HK\$48,000,000	–	42	Property Investment
Guangzhou Fong-Chuen New World Property Development Co., Limited	Rmb330,000,000	–	42	Property Investment
Guangzhou Fucheng Property Development Co., Limited	HK\$80,000,000	–	42	Property Investment
Guangzhou Northring Freeway Company Limited	US\$19,255,000	–	36	Operation of Toll Road
Huishen (Yantian) Expressway Huizhou Co., Ltd.	Rmb39,000,000	–	18	Operation of Toll Road
Huizhou City Hui-Ao Roadway Co., Ltd.	Rmb75,000,000	–	27	Operation of Toll Road
Huizhou City Huixin Expressway Co., Ltd.	Rmb34,400,000	–	27	Operation of Toll Road
Shanghai Trio Property Development Co., Limited	US\$75,000,000	–	24	Property Redevelopment
Shenzhen Top One Real Estate Development Co., Ltd.	HK\$60,000,000	–	49	Property Investment
Tianjin New World Properties Development Co., Limited	US\$12,000,000	–	49	Land Development
Tangjin Expressway (Tianjin North Section)				
Tianjin Xinlu Expressway Co., Limited	Rmb99,092,000	–	49 @	Operation of Toll Road
Tianjin Xindi Expressway Co., Limited	Rmb93,688,000	–	49 @	Operation of Toll Road
Tianjin Xinlong Expressway Co., Limited	Rmb99,400,000	–	49 @	Operation of Toll Road
Tianjin Xinming Expressway Co., Limited	Rmb85,468,000	–	49 @	Operation of Toll Road
Tianjin Xinqing Expressway Co., Limited	Rmb99,368,000	–	49 @	Operation of Toll Road
Tianjin Xinquan Expressway Co., Limited	Rmb92,016,000	–	49 @	Operation of Toll Road
Tianjin Xinsen Expressway Co., Limited	Rmb87,300,000	–	49 @	Operation of Toll Road
Tianjin Xinshi Expressway Co., Limited	Rmb99,388,000	–	49 @	Operation of Toll Road
Tianjin Xinsi Expressway Co., Limited	Rmb96,624,000	–	49 @	Operation of Toll Road
Tianjin Xintong Expressway Co., Limited	Rmb99,448,000	–	49 @	Operation of Toll Road
Tianjin Xintuo Expressway Co., Limited	Rmb99,316,000	–	49 @	Operation of Toll Road
Tianjin Xinxiang Expressway Co., Limited	Rmb90,472,000	–	49 @	Operation of Toll Road
Tianjin Xinyan Expressway Co., Limited	Rmb89,028,000	–	49 @	Operation of Toll Road
Tianjin Xinzhan Expressway Co., Limited	Rmb89,392,000	–	49 @	Operation of Toll Road
Wuhan Airport Road Development Limited	Rmb60,000,000	–	22	Operation of Toll Road
Wuhan Taibei & New World Hotel Co., Ltd.	US\$14,160,000	–	35	Hotel Operation
Wuhan Wuxin Hotel Co., Ltd.	US\$13,500,000	–	42	Property Investment
Wuhan Xinhan Development Co., Limited	Rmb30,000,000	–	35	Property Investment
Wuxi New City Development Co., Limited	US\$10,040,000	–	26	Hotel Operation

$\Omega$  percentage of equity interest, in the case of equity joint ventures or joint stock limited company or profit sharing percentage, in the case of co-operative joint ventures.

@ Represented cash sharing ratio for the first 15 years of the joint venture period, thereafter the ratio will change to 60%.

As at 30 June 2002

	Share capital issued <sup>#</sup>		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Hong Kong					
<i>Company Limited By Shares</i>					
Asia Container Terminal Limited	1,000	1	–	10	Development and Operation of Container Terminal
Asian Success Investments Limited	900	1	–	33	Property Development
ATL Logistics Centre Hong Kong Limited	100,000	1	–	23	
	20,000 **	1	–	36	Operation of Cargo Handling and Storage Facilities
	39,000 *	1	–	–	
	15,918 ***	1	–	–	
Direct Profit Development Limited	200,000	0.05	–	15	Property Investment
Ever Sure Investments Limited	2	1	–	50	Property Investment
Far East Landfill Technologies Limited	1,000,000	1	–	24	Landfill
Gloryland Limited	900	1	–	33	Property Trading
Grace Sign Limited	1,000	1	–	30	Property Development
Istaron Limited	4	1	–	32	Investment Holding
Jade Gain Enterprises Limited	100	1	–	45	Property Investment
Newfoundworld Limited	200,000	10	–	20	Property Trading
Ocean Champion Development Limited	10,000	1	–	50	Property Investment
Sheeniy Enterprises Limited	10,000	1	–	50	Property Investment
Sky Connection Limited	100	1	–	48	Duty-Free, Liquor and Tobacco Sales
Super Lion Enterprises Limited	2	1	50	50	Property Investment
Supertime Holdings Limited	100	1	–	25	Property Investment
Tate's Cairn Tunnel Company Limited	1,100,000	0.01	–	16	
	600,000,000 *	1	–	–	Operation of Toll Tunnel
Wise Come Development Limited	30	1	–	40	Property Development
Incorporated in British Virgin Islands and operated in the People's Republic of China					
Holicon Holdings Limited	2	US\$1	–	50	Property Development
Jaidan Profits Limited	2	US\$1	–	50	Property Development
Jorvik International Limited	2	US\$1	–	50	Property Development
Orwin Enterprises Limited	2	US\$1	–	50	Property Development
Cyber China Inc.	100	US\$1	–	35	Investment Holding
Incorporated in British Virgin Islands					
Quick Wealth Investment Limited	100	US\$1	–	32	Investment Holding
Right Choice International Limited	200	US\$1	–	28	Property Investment



**39 Principal Jointly Controlled Entities** (continued)

As at 30 June 2002

	Share capital issued <sup>#</sup>		Percentage of equity shares held		Principal activities
	Number	Par value per share HK\$	By the Company	By the Group	
Incorporated and operated in Malaysia					
<i>Company Limited By Shares (continued)</i>					
Great Union Properties Sdn. Bhd.	100,000,000	M\$1	–	38	
	10,000,000 <sup>^</sup>	M\$0.10	–	38	Property Investment
T & T Properties Sdn. Bhd.	9,500,000	M\$1	–	33	Property Investment
Incorporated in Hong Kong and operated in Macau and the People's Republic of China					
Sino-French Holdings (Hong Kong) Limited	1,086,280 'A'	HK\$100	–	–	
	2,089,000 'B'	HK\$100	–	27	Operation of Water and
	1,002,720 'C'	HK\$100	–	–	Electricity Plants

# Represented ordinary shares, unless otherwise stated.

\* Non-voting deferred ordinary shares.

\*\* Non-voting preference shares.

\*\*\* Non-voting deferred preference shares.

<sup>^</sup> Redeemable cumulative preference share.