

(Expressed in millions of Hong Kong dollars)

**5. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)**

Number of employees whose emoluments fell within: –

Emoluments Band		2001 Number	2000 Number
HK\$M	HK\$M		
5.0 –	5.5	1	–
6.0 –	6.5	1	–
8.0 –	8.5	1	–
9.5 –	10.0	–	1
		<b>3</b>	1

**6. STAFF RETIREMENT SCHEMES**

The Group operates a number of defined contribution schemes for all qualified employees. The assets of these schemes are held separately from those of the Group in independently administered funds. Contributions to these schemes are made by both the employers and employees at rates ranging from 5 per cent to 10 per cent on the employees' salary.

With effect from 1st December 2000, the Group sets up an employer sponsored scheme ("MPF Scheme") for other employees. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds. Pursuant to the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at specific rates. Contributions of the Group to the MPF Scheme are charged to profit and loss account as incurred.

Total contributions to the retirement schemes made by the Group during the year amounted to HK\$91 million (2000: HK\$60 million). Forfeited contributions for the year of HK\$9 million (2000: HK\$13 million) were used to reduce the existing level of contributions.

**7. TAXATION**

	2001	2000
Hong Kong		
Company and subsidiaries	<b>722</b>	609
Under/(over) provision in prior year	<b>19</b>	(9)
	<b>741</b>	600
Associates	<b>59</b>	52
Jointly controlled entities	<b>58</b>	28
	<b>858</b>	680
Outside Hong Kong		
Jointly controlled entities	<b>–</b>	16
	<b>858</b>	696

(a) Hong Kong profits tax is provided at the rate of 16 per cent (2000: 16 per cent) based on the estimated assessable profits for the year. Tax outside Hong Kong is calculated at rate applicable in the relevant jurisdiction.

(b) No provision for deferred taxation has been made as the aggregate effect of all timing differences is insignificant.

**8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS**

Profit attributable to shareholders dealt with in the profit and loss account of the Company amounts to HK\$8,419 million (2000: HK\$8,292 million).

(Expressed in millions of Hong Kong dollars)

**9. DIVIDENDS**

	2001	2000
Interim dividend of HK\$0.55 per share based on 2,401 million shares (2000: HK\$0.55 per share based on 2,401 million shares) paid	<b>1,321</b>	1,321
Proposed final dividend of HK\$1.00 per share based on 2,401 million shares (2000: HK\$1.20 per share based on 2,401 million shares)	<b>2,401</b>	2,881
	<b>3,722</b>	4,202

**10. EARNINGS PER SHARE**

The calculation of basic earnings per share is based on HK\$8,330 million (2000: HK\$10,822 million) being profit attributable to shareholders and on 2,400,907,362 shares (2000: 2,400,907,362 shares) in issue during the year.

The calculation of diluted earnings per share for the year is based on HK\$8,330 million being profit attributable to shareholders and on the weighted average number of 2,400,935,185 shares after adjusting for the dilutive effects of all potential ordinary shares. No diluted earnings per share is presented for the year ended 30th June 2000 as the exercise of the share options outstanding during that year have no dilutive effect on the earnings per share.

	2001	2000
Number of ordinary shares used in calculating basic earnings per share	<b>2,400,907,362</b>	2,400,907,362
Number of ordinary shares deemed to be issued for nominal consideration for share options	<b>27,823</b>	–
Weighted average number of shares used in calculating diluted earnings per share	<b>2,400,935,185</b>	2,400,907,362

**11. FIXED ASSETS**

The Group	Investment properties	Hotel properties	Properties under development	Other properties	Other fixed assets	Total
(a) Movement during year						
Cost or valuation						
At beginning of year	77,611	3,950	2,120	1,884	1,513	87,078
Additions	1,306	27	5,641	–	566	7,540
Transfer in	424	–	137	664	22	1,247
Disposals	(350)	–	–	–	(54)	(404)
Transfer out	(47)	–	(358)	–	(306)	(711)
Revaluation surplus	684	233	–	–	–	917
At end of year	<b>79,628</b>	<b>4,210</b>	<b>7,540</b>	<b>2,548</b>	<b>1,741</b>	<b>95,667</b>
Accumulated depreciation						
At beginning of year	–	–	–	175	612	787
Charge for the year	–	–	–	68	155	223
Transfer in	–	–	–	46	–	46
Disposals	–	–	–	–	(41)	(41)
Transfer out	–	–	–	–	(46)	(46)
At end of year	–	–	–	289	680	969
Net book value at 30/6/2001	<b>79,628</b>	<b>4,210</b>	<b>7,540</b>	<b>2,259</b>	<b>1,061</b>	<b>94,698</b>
Net book value at 30/6/2000	77,611	3,950	2,120	1,709	901	86,291

(Expressed in millions of Hong Kong dollars)

**11. FIXED ASSETS (Continued)**

The Group	Investment properties	Hotel properties	Properties under development	Other properties	Other fixed assets	Total
(b) Basis of book value						
2001 professional valuation	79,628	4,210	–	–	–	83,838
Cost	–	–	7,540	2,548	1,741	11,829
	<b>79,628</b>	<b>4,210</b>	<b>7,540</b>	<b>2,548</b>	<b>1,741</b>	<b>95,667</b>

(c) Net book value of properties shown above comprises:

	2001	2000
Land in Hong Kong held under		
Long Lease (not less than 50 years)		
Investment properties	<b>18,363</b>	18,752
Hotel properties	<b>1,400</b>	1,250
Properties under development	<b>–</b>	283
Other properties	<b>541</b>	178
	<b>20,304</b>	20,463
Medium-term lease (less than 50 years but not less than 10 years)		
Investment properties	<b>59,409</b>	58,173
Hotel properties	<b>2,810</b>	2,700
Properties under development	<b>7,448</b>	1,736
Other properties	<b>1,718</b>	1,531
	<b>71,385</b>	64,140
Land outside Hong Kong held under		
Long Lease (not less than 50 years)		
Investment properties	<b>686</b>	686
Properties under development	<b>92</b>	101
	<b>778</b>	787
Medium-term lease (less than 50 years but not less than 10 years)		
Investment properties	<b>1,170</b>	–
	<b>1,170</b>	–
	<b>93,637</b>	85,390

(d) Investment properties and hotel properties revaluation

The Group's investment properties and hotel properties have been revalued as at 30th June, 2001 by Messrs. Knight Frank, Chartered Surveyors on an open market value basis in their existing state by reference to comparable market transactions and where appropriate on the basis of capitalization of the net income allowing for reversionary income potential.

(e) Gross rental receivable from and profit on disposal of the Group's investment properties during the year amounted to HK\$5,008 million (2000: HK\$4,920 million) and HK\$289 million (2000: HK\$113 million) respectively.

(f) The carrying amount of properties under development as at 30th June 2001 included interest capitalized in the amount of HK\$707 million (2000: HK\$415 million).

**12. SUBSIDIARIES****The Company**

	2001	2000
Unlisted shares, at cost	<b>30,076</b>	30,079

Particulars regarding principal subsidiaries are set out on pages 116 to 120.

(Expressed in millions of Hong Kong dollars)

**13. ASSOCIATES****The Group**

	2001	2000
Unlisted shares, at cost	<b>156</b>	169
Hong Kong listed shares, at cost	<b>806</b>	680
Share of post-acquisition reserves	<b>2,041</b>	1,905
	<b>3,003</b>	2,754
Goodwill on acquisition of associates eliminated	<b>(149)</b>	(113)
Share of net assets	<b>2,854</b>	2,641
Amounts due from associates	<b>2,221</b>	1,974
Amounts due to associates	<b>(32)</b>	(23)
	<b>5,043</b>	4,592
Market value of Hong Kong listed shares	<b>4,887</b>	4,951

Particulars regarding principal associates are set out on page 123.

**14. JOINTLY CONTROLLED ENTITIES**

	2001		2000	
	The Group	The Company	The Group	The Company
Unlisted shares, at cost	<b>1,072</b>	<b>4</b>	1,156	4
Share of post-acquisition reserves	<b>1,997</b>	<b>–</b>	2,509	–
	<b>3,069</b>	<b>4</b>	3,665	4
Goodwill on acquisition of jointly controlled entities eliminated	<b>(91)</b>		(91)	
Share of net assets	<b>2,978</b>		3,574	
Amounts due from jointly controlled entities	<b>17,798</b>	<b>1</b>	15,992	1
Amounts due to jointly controlled entities	<b>(747)</b>	<b>(69)</b>	(286)	(21)
	<b>20,029</b>	<b>(64)</b>	19,280	(16)

Particulars regarding principal jointly controlled entities are set out on pages 121 to 122.

**15. INVESTMENTS**

	2001		2000	
	The Group	The Company	The Group	The Company
Listed held-to-maturity debt securities, overseas	<b>532</b>	<b>–</b>	–	–
Unlisted held-to-maturity debt securities	<b>61</b>	<b>–</b>	–	–
Listed equity securities, Hong Kong	<b>525</b>	<b>–</b>	1,354	–
Unlisted equity securities	<b>1,004</b>	<b>–</b>	585	–
	<b>2,122</b>	<b>–</b>	1,939	–
Amounts due from investee companies	<b>98</b>	<b>–</b>	88	–
Amounts due to investee companies	<b>(28)</b>	<b>(3)</b>	(35)	(1)
	<b>2,192</b>	<b>(3)</b>	1,992	(1)
Market value				
Listed overseas	<b>544</b>	<b>–</b>	–	–
Listed in Hong Kong	<b>580</b>	<b>–</b>	1,827	–
	<b>1,124</b>	<b>–</b>	1,827	–

(Expressed in millions of Hong Kong dollars)

**16. STOCKS****The Group**

	2001	2000
Properties under development	<b>22,496</b>	19,651
Stock of completed properties for sale	<b>2,785</b>	3,265
Materials	<b>53</b>	56
	<b>25,334</b>	22,972

The amount of the above stocks that are carried at net realizable value was HK\$1,259 million (2000: HK\$854 million).

**17. TRADE AND OTHER RECEIVABLES**

	Note	2001		2000	
		The Group	The Company	The Group	The Company
Debtors, deposits and prepayments		<b>2,864</b>	<b>240</b>	2,926	284
Amounts due from customers for contract work	17a	<b>76</b>	–	38	–
Short term loans		<b>400</b>	–	453	–
		<b>3,340</b>	<b>240</b>	3,417	284

Consideration in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Monthly rent in respect of leased properties are payable in advance by the tenants. Other trade debtors settle their accounts according to the payment terms as stated in contracts.

Included in trade and other receivables are trade debtors of HK\$1,373 million (2000: HK\$1,186 million), of which 80 per cent aged less than 60 days, 4 per cent between 61 to 90 days and 16 per cent more than 90 days (2000: 74 per cent, 7 per cent and 19 per cent respectively).

**17a. Amounts due from/(to) customers for contract works****The Group**

	Note	2001	2000
Contract costs incurred plus recognized profits less recognized losses		<b>196</b>	2,304
Less: Progress billings		<b>(135)</b>	(2,444)
		<b>61</b>	(140)
Represented by:			
Due from customers included in current assets	17	<b>76</b>	38
Due to customers included in current liabilities	21	<b>(15)</b>	(178)
		<b>61</b>	(140)

(Expressed in millions of Hong Kong dollars)

**18. MARKETABLE SECURITIES****The Group**

	2001	2000
Equity securities, at market value		
Listed in Hong Kong	318	278
Listed overseas	31	201
Debt securities, at market value		
Listed overseas	50	632
	<b>399</b>	<b>1,111</b>

**19. BANK BALANCES AND DEPOSITS****The Group**

	2001	2000
Short term bank deposits	8,736	10,205
Bank balances and cash	325	209
	<b>9,061</b>	<b>10,414</b>

**20. BANK AND OTHER BORROWINGS**

		2001		2000
	Note	The Group	The Company	The Group    The Company
Unsecured bank overdrafts		53	11	60                  –
Non-current liabilities due within 1 year	22	4,944	–	4,524              –
		<b>4,997</b>	<b>11</b>	<b>4,584</b> –

**21. TRADE AND OTHER PAYABLES**

		2001		2000
	Note	The Group	The Company	The Group    The Company
Creditors and accrued expenses		9,330	214	9,706            213
Amounts due to customers for contract work	17a	15	–	178              –
		<b>9,345</b>	<b>214</b>	<b>9,884</b> 213

Included in trade and other payables are trade creditors of HK\$458 million (2000: HK\$511 million), of which 86 per cent aged less than 60 days, 1 per cent between 61 to 90 days and 13 per cent more than 90 days (2000: 75 per cent, 1 per cent and 24 per cent respectively).