

## Notes on The Accounts (Continued)

### 9. FIXED ASSETS

	Leasehold land	Buildings	Investment properties	Property held for redevelopment	Motor buses	Plant, fixtures and equipment	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>(a) The group</b>							
Cost or valuation:							
At 1st July, 2000	12,995	10,247	884,949	-	11,595	6,974	926,760
Additions	-	-	158,231	71,590	918	368	231,107
Disposals	-	-	-	-	(3,948)	(175)	(4,123)
Revaluation deficits	-	-	(13,791)	-	-	-	(13,791)
At 30th June, 2001	<u>12,995</u>	<u>10,247</u>	<u>1,029,389</u>	<u>71,590</u>	<u>8,565</u>	<u>7,167</u>	<u>1,139,953</u>
Representing:							
Cost	11,695	10,247	-	71,590	8,565	7,167	109,264
1962 valuation	1,300	-	-	-	-	-	1,300
2001 valuation	-	-	1,029,389	-	-	-	1,029,389
	<u>12,995</u>	<u>10,247</u>	<u>1,029,389</u>	<u>71,590</u>	<u>8,565</u>	<u>7,167</u>	<u>1,139,953</u>
Aggregate depreciation:							
At 1st July, 2000	-	1,443	-	-	4,555	5,966	11,964
Charge for the year	-	109	-	-	840	382	1,331
Written back on disposals	-	-	-	-	(955)	(175)	(1,130)
At 30th June, 2001	<u>-</u>	<u>1,552</u>	<u>-</u>	<u>-</u>	<u>4,440</u>	<u>6,173</u>	<u>12,165</u>
Net book value:							
At 30th June, 2001	<u>12,995</u>	<u>8,695</u>	<u>1,029,389</u>	<u>71,590</u>	<u>4,125</u>	<u>994</u>	<u>1,127,788</u>
At 30th June, 2000	<u>12,995</u>	<u>8,804</u>	<u>884,949</u>	<u>-</u>	<u>7,040</u>	<u>1,008</u>	<u>914,796</u>
Tenure of title to properties:							
2001							
Held in Hong Kong							
- Long leases	8,156	5,911	301,000	71,590	-	-	386,657
- Medium term leases	4,839	2,784	220,300	-	-	-	227,923
	<u>12,995</u>	<u>8,695</u>	<u>521,300</u>	<u>71,590</u>	<u>-</u>	<u>-</u>	<u>614,580</u>
Held outside Hong Kong							
- Freehold	-	-	508,089	-	-	-	508,089
	<u>12,995</u>	<u>8,695</u>	<u>1,029,389</u>	<u>71,590</u>	<u>-</u>	<u>-</u>	<u>1,122,669</u>
2000							
Held in Hong Kong							
- Long leases	8,156	5,960	264,000	-	-	-	278,116
- Medium term leases	4,839	2,844	245,700	-	-	-	253,383
	<u>12,995</u>	<u>8,804</u>	<u>509,700</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>531,499</u>
Held outside Hong Kong							
- Freehold	-	-	375,249	-	-	-	375,249
	<u>12,995</u>	<u>8,804</u>	<u>884,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>906,748</u>

## Notes on The Accounts (Continued)

### 9. FIXED ASSETS (Continued)

	Leasehold land	Buildings	Investment properties	Motor buses	Plant, fixtures and equipment	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
<b>(b) The company</b>						
Cost or valuation:						
At 1st July, 2000	12,995	10,247	264,000	11,595	6,773	305,610
Additions	-	-	-	918	249	1,167
Disposals	-	-	-	(3,948)	(175)	(4,123)
Revaluation surpluses	-	-	37,000	-	-	37,000
At 30th June, 2001	<u>12,995</u>	<u>10,247</u>	<u>301,000</u>	<u>8,565</u>	<u>6,847</u>	<u>339,654</u>
Representing:						
Cost	11,695	10,247	-	8,565	6,847	37,354
1962 valuation	1,300	-	-	-	-	1,300
2001 valuation	-	-	301,000	-	-	301,000
	<u>12,995</u>	<u>10,247</u>	<u>301,000</u>	<u>8,565</u>	<u>6,847</u>	<u>339,654</u>
Aggregate depreciation:						
At 1st July, 2000	-	1,443	-	4,555	5,912	11,910
Charge for the year	-	109	-	840	331	1,280
Written back on disposals	-	-	-	(955)	(175)	(1,130)
At 30th June, 2001	<u>-</u>	<u>1,552</u>	<u>-</u>	<u>4,440</u>	<u>6,068</u>	<u>12,060</u>
Net book value:						
At 30th June, 2001	<u>12,995</u>	<u>8,695</u>	<u>301,000</u>	<u>4,125</u>	<u>779</u>	<u>327,594</u>
At 30th June, 2000	<u>12,995</u>	<u>8,804</u>	<u>264,000</u>	<u>7,040</u>	<u>861</u>	<u>293,700</u>
Tenure of title to properties:						
2001						
Held in Hong Kong						
- Long leases	8,156	5,911	301,000	-	-	315,067
- Medium term leases	4,839	2,784	-	-	-	7,623
	<u>12,995</u>	<u>8,695</u>	<u>301,000</u>	<u>-</u>	<u>-</u>	<u>322,690</u>
2000						
Held in Hong Kong						
- Long leases	8,156	5,960	264,000	-	-	278,116
- Medium term leases	4,839	2,844	-	-	-	7,683
	<u>12,995</u>	<u>8,804</u>	<u>264,000</u>	<u>-</u>	<u>-</u>	<u>285,799</u>

## Notes on The Accounts (Continued)

### 9. FIXED ASSETS (Continued)

- (i) The group's investment properties which are situated in Hong Kong and held under long and medium term leases, have been revalued at 30th June, 2001 by Insignia Brooke (Hong Kong) Limited, an independent firm of professional surveyors, or G. J. Ongley, an Associate of The Hong Kong Institute of Surveyors and a Professional Associate of The Royal Institution of Chartered Surveyors, on an open market value basis, after taking into consideration the net income and allowing for development potential or reversionary potential as appropriate.
- (ii) The group's investment properties which are situated in the United Kingdom and are freehold properties, have been revalued at 30th June, 2001 by FPDSAVILLS Commercial Limited, an independent firm of professional surveyors, on an open market value basis, after taking into consideration the net income and allowing for reversionary potential.
- (iii) The surpluses or deficits arising on revaluations have been dealt with in the investment properties revaluation reserve.
- (iv) The gross carrying amounts of investment properties of the group held for use in operating leases were \$1,029,389,000 (2000: \$884,949,000). Further details of the leasing arrangements are contained in note 23(a).

### 10. INTEREST IN SUBSIDIARIES

	The company	
	2001	2000
	\$000's	\$000's
Unlisted shares, at cost	1,018,356	1,018,356

Details of the subsidiaries are as follows:-

Name of company	Place of incorporation	Place of operation	Issued ordinary share capital	Percentage directly held	Percentage indirectly held	Principal activity
Island Communication Enterprises Limited	Hong Kong	Hong Kong	185,073,024 HK\$1 shares	100%	-	Investment holding
Heartwell Limited	Hong Kong	Hong Kong	9,000,002 HK\$10 shares	100%	-	Investment holding
Communication Holdings Limited	British Virgin Islands	Hong Kong	35,900,010 HK\$10 shares	100%	-	Investment holding
Affluent Dragon Island Limited	Hong Kong	Hong Kong	2 HK\$10 shares	100%	-	Dormant
Island Communication Investments Limited	British Virgin Islands	Hong Kong	2 HK\$1 shares	-	100%	Investment property holding
Grand Island Place Investments Limited	British Virgin Islands	Hong Kong	2 HK\$1 shares	-	100%	Investment property holding
Nottingham Developments Limited	British Virgin Islands	Hong Kong	1 US\$1 share	-	100%	Investment holding
Oxney Investments Limited	British Virgin Islands	United Kingdom	1 US\$1 share	-	100%	Investment property holding
Communication Properties Limited	British Virgin Islands	United Kingdom	1 US\$1 share	-	100%	Investment property holding
Eaglefield Properties Limited	British Virgin Islands	Hong Kong	1 US\$1 share	-	100%	Inactive
Prosperous Orient Limited	Hong Kong	Hong Kong	2 HK\$10 shares	-	100%	Property holding for redevelopment

## Notes on The Accounts (Continued)

### 11. INTEREST IN JOINTLY CONTROLLED ENTITIES

	The group	
	2001	2000
	\$000's	\$000's
Share of net tangible assets/(liabilities) other than goodwill	1,459	(28,943)
Loans to jointly controlled entities	1,158,098	1,240,307
	<u>1,159,557</u>	<u>1,211,364</u>

Details of the group's interest in the jointly controlled entities are as follows:-

Name of joint venture	Form of business structure	Place of incorporation	Place of operation	Particulars of issued share capital	Proportion of ownership interest	
					group's effective interest or held by subsidiary company	Principal activity
Swire and Island Communication Developments Limited ("Swire and Island")	Incorporated	British Virgin Islands	Hong Kong	60 'A' shares of HK\$10 40 'B' shares of HK\$10 1 non-voting dividend share of HK\$10	– 100% 100%	Property development for resale and investment
Island Land Development Limited ("Island Land")	Incorporated	British Virgin Islands	Hong Kong	100 shares of HK\$10	50%	Property development for investment
Hareton Limited ("Hareton")	Incorporated	Hong Kong	Hong Kong	100 shares of HK\$10	50%	Property development for resale and investment
Ultoxeter Limited ("Ultoxeter")	Incorporated	Hong Kong	Hong Kong	100 shares of HK\$10	20%	Property development for resale and investment
Cyber Island Limited	Incorporated	Hong Kong	Hong Kong	100 shares of HK\$10	20%	Inactive

Pursuant to a shareholders' agreement ("the first agreement") entered into between Swire and Island and its shareholders on 6th November, 1991, Swire and Island purchased for redevelopment purposes two plots of land respectively from the company and its subsidiary, Island Communication Enterprises Limited, for a total consideration of \$980 million. In accordance with the terms of the first agreement, the cost of the land together with any subsequent modification premium thereon are financed by interest free shareholders' loans in proportion to the shareholders' respective holdings of ordinary shares.

Pursuant to a shareholders' agreement ("the second agreement") entered into between Island Land and its shareholders on 20th November, 1993, Island Land purchased for redevelopment purposes a plot of land from the company for a total consideration of \$360 million. In accordance with the terms of the second agreement, the cost of the land together with any subsequent modification premium thereon are financed by interest free shareholders' loan in proportion to the shareholders' respective holdings of ordinary shares. In February, 1997, Island Land paid modification premium of \$430 million to The Government of the Hong Kong Special Administrative Region ("the Government").

Pursuant to a shareholders' agreement ("the third agreement") entered into between Hareton and its shareholders on 29th December, 1994, Hareton purchased for redevelopment purposes two plots of land from the company's subsidiary, Heartwell Limited, for a total consideration of \$383 million. In accordance with the terms of the third agreement, the cost of land is financed by interest free shareholders' loans in proportion to the shareholders' respective holdings of ordinary shares.

Pursuant to a shareholders' agreement ("the fourth agreement") entered into between Ultoxeter and its shareholders on 6th October, 1999, Ultoxeter purchased for redevelopment purposes a plot of land from the Government. In accordance with the terms of the fourth agreement, the cost of land and development costs are financed by shareholders' loans in proportion to the shareholders' respective holdings of ordinary shares. Ultoxeter paid the total premium of \$1,677 million to the Government.

## Notes on The Accounts (Continued)

### 11. INTEREST IN JOINTLY CONTROLLED ENTITIES (Continued)

The following supplementary financial information is disclosed relating to three principal jointly controlled entities:

	<u>2001</u>	<u>2000</u>
	\$000's	\$000's
(i) Swire and Island Communication Developments Limited		
(a) Profit and loss account		
Turnover	<u>71,372</u>	<u>73,782</u>
Profit before taxation	48,566	66,796
Taxation	<u>(5,991)</u>	<u>(5,168)</u>
Profit after taxation	<u>42,575</u>	<u>61,628</u>
(b) Balance sheet		
Fixed assets	681,166	829,395
Deferred expenditure	31	94
Current assets	123,375	120,126
Current liabilities	(36,614)	(40,378)
Shareholders' loans	<u>-</u>	<u>(35,853)</u>
Net assets	<u>767,958</u>	<u>873,384</u>
	<u>2001</u>	<u>2000</u>
	\$000's	\$000's
(ii) Island Land Development Limited		
(a) Profit and loss account		
Turnover	<u>56,605</u>	<u>19,104</u>
Profit/(loss) before taxation	135,346	(76,965)
Taxation	<u>-</u>	<u>-</u>
Profit/(loss) after taxation	<u>135,346</u>	<u>(76,965)</u>
(b) Balance sheet		
Fixed assets	842,000	852,000
Deferred expenditure	4,012	4,952
Current assets	15,849	9,472
Current liabilities	(22,788)	(34,936)
Shareholders' loans	<u>(1,225,700)</u>	<u>(1,249,461)</u>
Net liabilities	<u>(386,627)</u>	<u>(417,973)</u>