

Consolidated Profit and Loss Account

for the year ended 31 March 2001

	Note	2001 HK\$ Million	Restated 2000 HK\$ Million
Turnover	2	3,761.5	4,551.0
Other net income	3	442.2	327.6
		4,203.7	4,878.6
Direct costs and operating expenses		(2,201.2)	(2,546.7)
Selling and marketing expenses		(404.9)	(379.7)
Administrative expenses		(244.1)	(233.3)
Provision for impairment in value of properties		(1,221.2)	(998.8)
Operating profit	4	132.3	720.1
Borrowing costs	5	(897.7)	(933.5)
Share of profits less losses of associates		1,580.4	1,882.2
Profit before taxation		815.0	1,668.8
Taxation	7	(253.2)	(467.0)
Profit after taxation		561.8	1,201.8
Minority interests		(45.2)	(337.4)
Group profit attributable to shareholders	8	516.6	864.4
Dividends	9	(152.3)	(152.3)
Transferred to revenue reserves		364.3	712.1
Earnings per share	10	25.4 cents	42.6 cents

The notes on pages 55 to 79 form part of these accounts.

Consolidated Statement of Recognised Gains and Losses

for the year ended 31 March 2001

	2001	Restated 2000
	HK\$ Million	HK\$ Million
Company and subsidiaries		
Surplus on revaluation of non-trading securities	7.4	503.6
Deficit on revaluation of investment properties	–	(2.2)
Provision for other properties written back	36.9	–
Exchange difference on translation of financial statements of foreign entities	(123.0)	29.5
Others	1.2	10.0
Associates		
Surplus/(deficit) on revaluation of investment properties	1,009.1	(995.0)
Surplus on revaluation of hotel and club properties	56.3	–
Provision for impairment of other properties	–	(540.2)
Surplus on revaluation of non-trading securities	50.5	460.6
Others	(12.8)	9.1
Net gains/(losses) not recognised in the consolidated profit and loss account		
	1,025.6	(524.6)
Group profit attributable to shareholders	516.6	864.4
Reserves transferred to profit and loss account on disposal of:		
Non-trading securities	(110.4)	(16.6)
Associates	–	(145.5)
Net provision for non-trading securities	21.7	–
Reserves transferred to profit and loss account on disposal of non-trading securities by associates	(364.6)	189.6
Total recognised gains	1,088.9	367.3
Reserves arising on consolidation	80.8	313.7
	1,169.7	681.0
Cumulative effects of changes in accounting policy to reserves at 31 March 2000		(706.8)

The notes on pages 55 to 79 form part of these accounts.

Consolidated Balance Sheet

at 31 March 2001

	Note	2001 HK\$ Million	Restated 2000 HK\$ Million
Non-current assets			
Fixed assets	12	5,351.5	5,764.9
Associates	14	24,671.9	23,570.9
Long-term investments	15	3,335.5	3,613.1
Deferred debtors	16	57.4	91.0
		33,416.3	33,039.9
Current assets			
Properties under development	17	22,322.9	21,334.1
Properties held for sale		615.8	538.8
Inventories	18	350.0	208.8
Debtors and prepayments	19	410.9	745.4
Bank balances and deposits		1,299.1	1,430.0
Tax recoverable		—	3.5
		24,998.7	24,260.6
Current liabilities			
Short-term loans and overdrafts	20	4,564.7	4,806.8
Creditors and accruals	21	1,229.2	1,147.6
Deposits from sale of properties		4,503.8	3,505.0
Taxation		32.9	391.5
Proposed final dividend	9	101.5	101.5
		10,432.1	9,952.4
Net current assets		14,566.6	14,308.2
Total assets less current liabilities		47,982.9	47,348.1
Financed by:			
Shareholders' funds			
Share capital	22	1,015.4	1,015.4
Reserves	23	27,244.9	26,227.0
		28,260.3	27,242.4
Minority interests		6,114.0	6,217.6
Non-current liabilities			
Long-term loans	24	12,398.9	12,704.9
Deferred taxation	25	790.8	734.9
Deferred profits		418.9	448.3
		13,608.6	13,888.1
		47,982.9	47,348.1

The notes on pages 55 to 79 form part of these accounts.

Gonzaga W.J. Li
Chairman

John T. Hung
Managing Director

Company Balance Sheet

at 31 March 2001

	Note	2001 HK\$ Million	2000 HK\$ Million
Non-current assets			
Subsidiaries	13	14,707.2	16,398.6
Current assets			
Debtors and prepayments		0.3	0.3
Bank balances and deposits		0.1	0.1
		0.4	0.4
Current liabilities			
Short-term loans and overdrafts	20	3,764.9	1,479.2
Creditors and accruals		18.0	12.8
Proposed final dividend	9	101.5	101.5
		3,884.4	1,593.5
Net current liabilities		(3,884.0)	(1,593.1)
Total assets less current liabilities		10,823.2	14,805.5
Financed by:			
Shareholders' funds			
Share capital	22	1,015.4	1,015.4
Reserves	23	3,482.8	3,465.1
		4,498.2	4,480.5
Non-current liabilities			
Long-term loans	24	6,325.0	10,325.0
		10,823.2	14,805.5

The notes on pages 55 to 79 form part of these accounts.

Gonzaga W.J. Li
Chairman

John T. Hung
Managing Director

Consolidated Cash Flow Statement

for the year ended 31 March 2001

	2001	2000
	HK\$ Million	HK\$ Million
Net cash inflow/(outflow) from operating activities (Note a)	107.4	(3,240.8)
Returns on investments and servicing of finance		
Interest received	49.2	132.1
Interest paid	(1,332.8)	(1,257.5)
Dividends received from associates	972.4	913.1
Dividends received from investments	135.4	135.7
Dividends paid to shareholders	(152.3)	(152.3)
Dividends paid to minority shareholders	(85.5)	(75.9)
Net cash outflow from returns on investments and servicing of finance	(413.6)	(304.8)
Taxation		
Hong Kong profits tax paid	(7.5)	(44.3)
Tax Reserve Certificates refunded/(purchased)	60.5	(41.3)
Overseas tax paid	(4.0)	(3.8)
Net tax refunded/(paid)	49.0	(89.4)
Investing activities		
Purchase of subsidiaries (Note b)	(6.8)	–
Purchase of shares in existing subsidiaries	(11.6)	(421.3)
Purchase of shares in associates	(73.4)	(1,460.5)
Purchase of non-trading securities	(2,250.7)	(122.5)
Purchase of fixed assets	(50.5)	(28.8)
Disposal of subsidiaries (Note c)	–	2,323.4
Proceeds from disposal of associates	–	205.7
Proceeds from disposal of non-trading securities	3,083.0	966.2
Proceeds from disposal of unlisted investments	19.3	–
Proceeds from disposal of fixed assets	20.5	0.1
(Decrease)/increase in net loans and advances from associates	(86.8)	2,432.3
Decrease in short-term bank deposits	–	250.0
Net cash inflow from investing activities	643.0	4,144.6
Net cash inflow before financing	385.8	509.6

Consolidated Cash Flow Statement

	2001 HK\$ Million	2000 HK\$ Million
Financing (Note d)		
Issue of ordinary shares	0.5	3.7
Net drawdown of long-term loans	3,822.9	2,803.2
Net repayment of short-term loans	(3,351.8)	(1,380.4)
Net cash inflow from financing	471.6	1,426.5
Increase in cash and cash equivalents	857.4	1,936.1
Effect of foreign exchange rate changes	(68.0)	17.5
Cash and cash equivalents at 1 April	250.3	(1,703.3)
Cash and cash equivalents at 31 March	1,039.7	250.3
Analysis of the balances of cash and cash equivalents at 31 March		
Bank balances and deposits maturing within three months	1,299.1	1,430.0
Bank loans and overdrafts due within three months	(259.4)	(1,179.7)
	1,039.7	250.3

Consolidated Cash Flow Statement

NOTES TO CONSOLIDATED CASH FLOW STATEMENT

a) Reconciliation of profit before taxation to net cash inflow/(outflow) from operating activities

	2001	2000
	HK\$ Million	HK\$ Million
Profit before taxation	815.0	1,668.8
Share of profits less losses of associates	(1,580.4)	(1,882.2)
Interest income	(21.5)	(112.2)
Interest expense	843.5	869.2
Dividend income from investments	(141.2)	(139.7)
Depreciation	56.2	34.3
Provision for impairment in value of properties	1,221.2	998.8
Net profit on disposal of non-trading securities	(231.5)	(154.3)
Net provision for non-trading securities	16.6	–
Net other provision (released)/charged	(84.0)	44.4
Deferred profits realised	(56.2)	(71.8)
Profits on sale of unlisted investments	(18.6)	–
Loss on disposal of fixed assets	0.1	14.5
Profit on disposal of subsidiaries	–	(78.3)
Profit on disposal of interest in associates	–	(108.7)
Exchange differences	(184.5)	39.5
Decrease in deferred debtors	33.6	51.0
Decrease in other deferred assets	–	70.1
Increase in properties under development	(1,721.0)	(6,053.5)
Decrease in properties held for sale	108.1	152.0
Decrease in inventories	30.2	32.5
(Increase)/decrease in debtors and prepayments	(50.6)	192.4
Increase in deposits from sale of properties	998.8	1,112.8
Increase in creditors and accruals	73.6	79.6
Net cash inflow/(outflow) from operating activities	107.4	(3,240.8)

Consolidated Cash Flow Statement

b) Purchase of subsidiaries

	2001	2000
	HK\$ Million	HK\$ Million
Net assets acquired:		
Fixed assets	96.2	—
Current assets	234.1	—
Current liabilities	(119.2)	—
Minority interests	(200.0)	—
	11.1	—
Reserves arising on consolidation	(4.3)	—
	6.8	—
Satisfied by:		
Cash consideration paid	212.2	—
Analysis of the net outflow of cash and cash equivalents in respect of the purchase of subsidiaries:		
Cash consideration paid	212.2	—
Bank balances and deposits acquired	(249.4)	—
Bank loans and overdrafts acquired	44.0	—
Net outflow of cash and cash equivalents in respect of the purchase of subsidiaries	6.8	—

Consolidated Cash Flow Statement

c) Disposal of subsidiaries

	2001 HK\$ Million	2000 HK\$ Million
Net assets disposal of:		
Fixed assets	-	3,100.0
Deferred debtors	-	208.2
Current assets	-	351.4
Current liabilities	-	(336.5)
Loan from an associate	-	(1,108.6)
Minority interests	-	(6.1)
Deferred taxation	-	(9.0)
Deferred profits	-	(15.3)
	-	2,184.1
Profit recognised	-	78.3
Unrealised profit	-	62.6
	-	2,325.0
Satisfied by:		
Cash consideration received	-	2,325.0
Analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries:		
Cash consideration received	-	2,325.0
Bank balances and deposits disposed	-	(1.6)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	-	2,323.4

Consolidated Cash Flow Statement

d) Analysis of changes in financing

	Share capital and share premium HK\$ Million	Long-term loans HK\$ Million	Short-term loans HK\$ Million	Restated Minority interests HK\$ Million
Balance at 1 April 1999	2,920.3	12,701.4	2,170.6	6,592.4
Issue of ordinary shares	3.7	–	–	–
Cash inflow/(outflow) related to financing	–	2,803.2	(1,380.4)	–
Dividends paid to minority shareholders	–	–	–	(75.9)
Purchase of minority interests	–	–	–	(538.3)
Disposal of subsidiaries (Note c)	–	–	–	(6.1)
Minority interests' share of reserves	–	–	–	221.5
Exchange differences	–	37.2	–	24.0
Reclassification	–	(2,836.9)	2,836.9	–
Balance at 31 March 2000 and 1 April 2000	2,924.0	12,704.9	3,627.1	6,217.6
Issue of ordinary shares	0.5	–	–	–
Cash inflow/(outflow) related to financing	–	3,822.9	(3,351.8)	–
Dividends paid to minority shareholders	–	–	–	(85.5)
Purchase of subsidiaries (Note b)	–	–	–	200.0
Increase in interest in a subsidiary	–	–	–	(15.2)
Minority interests' share of reserves	–	–	–	(100.9)
Exchange differences	–	(98.9)	–	(102.0)
Reclassification	–	(4,030.0)	4,030.0	–
Balance at 31 March 2001	2,924.5	12,398.9	4,305.3	6,114.0

Notes to the Accounts

1 PRINCIPAL ACCOUNTING POLICIES

a) Statement of compliance

These accounts have been prepared in accordance with all applicable Statements of Standard Accounting Practice ("SSAP") and Interpretations issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. A summary of the principal accounting policies adopted by the Group is set out below.

b) Basis of preparation of accounts

The measurement basis used in the preparation of the accounts is historical cost modified by the revaluation of investment properties, certain other properties and investments in securities as explained in the accounting policies set out below.

c) Basis of consolidation

(i) The consolidated accounts include the accounts of the Company and all its subsidiaries made up to 31 March each year.

(ii) Results of new subsidiaries are included from the respective dates of acquisition. Results of subsidiaries disposed of during the year are included up to the respective dates of disposal.

(iii) Goodwill/capital reserve arising on consolidation, representing the excess/shortfall of the cost of investments in subsidiaries and associates over the appropriate share of the fair value of the net tangible assets at date of acquisition, is taken to reserves in the year in which it arises. On disposal of a subsidiary or associate, the attributable amount of goodwill/capital reserve is included in calculating the profit or loss on disposal.

d) Investments in subsidiaries

A subsidiary is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

Investments in subsidiaries in the Company's balance sheet are stated at cost less any provisions for diminution in value which are other than temporary as determined by the Directors for each subsidiary individually. Any such provisions are recognised as an expense in the Company's profit and loss account. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Notes to the Accounts

e) Associates

An associate is a company in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated accounts under the equity method and is initially recorded at cost and adjusted for goodwill arising on consolidation at the date of acquisition and thereafter for the post-acquisition change in the Group's share of the associate's net assets. The consolidated profit and loss account reflects the Group's share of the post-acquisition results of the associates for the year.

Unrealised profits and losses resulting from transactions between the Group and an associate are eliminated and deferred to the extent of the Group's interest in the associate until the concerned assets are on-sold to third parties. If there is evidence of an impairment of the assets transferred, the unrealised losses will be recognised immediately in the consolidated profit and loss account.

f) Properties

(i) Investment properties

Investment properties are defined as properties which are income producing and intended to be held for the long-term, and such properties are included in the balance sheet at their open market value, on the basis of an annual professional valuation, less depreciation where the investment properties are held on leases with unexpired periods of 20 years or less. Changes in the value of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit on a portfolio basis, the excess of the deficit is charged to the profit and loss account. On disposal of investment properties, the revaluation surplus previously taken to investment property revaluation reserve is included in calculating the profit or loss on disposal.

(ii) Properties under development for sale

Properties under development for sale are classified under current assets and are stated at the lower of cost, including capitalised borrowing costs plus attributable profit, and net realisable value. Net realisable value is determined by the Directors, based on prevailing market conditions.

Profit on pre-sale of properties under development for sale is recognised over the course of the development and is calculated each year as a proportion of the total estimated profit to completion, the proportion used being the lower of the proportion of construction costs incurred at the balance sheet date to estimated total construction costs and the proportion of sales proceeds received and receivable at the balance sheet date to total estimated sales proceeds.

Borrowing costs on loans relating to properties under development for sale are capitalised up to the date of practical completion of development.

Notes to the Accounts

(iii) Properties held for sale

Properties held for sale are classified under current assets and are stated at the lower of specifically identified cost and net realisable value. Cost of unsold properties is determined by apportionment of the total development costs for that development project, including borrowing costs capitalised, attributable to these properties. Net realisable value is determined by the Directors, based on prevailing market conditions.

(iv) Other properties

Other properties are stated at cost or valuation at 31 March 1995 less accumulated depreciation and such provisions for diminution in value considered necessary by the Directors. The Group places reliance on paragraph 72 of SSAP17 which provides exemption from the need to make regular revaluations for those properties stated at valuation at 31 March 1995.

g) Depreciation of fixed assets

(i) Investment properties

No depreciation is provided in respect of investment properties with an unexpired lease term of more than 20 years. The carrying amount of investment properties with unexpired lease terms of 20 years or less is depreciated on a straight line basis over the remaining term of the leases.

(ii) Properties under or held for development

No depreciation is provided on properties under or held for development.

(iii) Other properties

Depreciation is provided on the carrying amount of the leasehold land over the unexpired term of the lease. Buildings are depreciated on a straight line basis whereby their carrying amount is written off in equal annual instalments over the shorter of 50 years and the remaining term of the lease.

(iv) Other fixed assets

Depreciation is provided on a straight line basis on the cost of other fixed assets at rates determined by the estimated useful lives of the assets of between 3 and 10 years.

h) Investments in securities

- (i)** Non-trading securities are classified as long-term investments and stated in the balance sheet at fair value. Changes in fair value are recognised in the investment revaluation reserve until the security is sold, collected, or otherwise disposed of, or until there is objective evidence that the security is impaired, at which time the relevant cumulative surplus or deficit is transferred from the investment revaluation reserve to the profit and loss account.

Transfers from the investment revaluation reserve to the profit and loss account as a result of impairments are reversed when the circumstances and events that led to the impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Notes to the Accounts

Profits or losses on disposal of non-trading securities are determined as the difference between the net disposal proceeds and the carrying amount of the securities and are recognised in the profit and loss account as they arise. On disposal of non-trading securities, the relevant revaluation surplus or deficit previously taken to the investment revaluation reserve is also transferred to the profit and loss account for the year.

- (ii) Trading securities are classified under current assets and stated in the balance sheet at fair value. Changes in fair value are recognised in the profit and loss account as they arise.

i) Inventories

Inventories comprising goods for resale are stated at the lower of cost, including an element of overheads, where applicable, and net realisable value which is determined by reference to the sales proceeds of items sold in the ordinary course of business after the balance sheet date, or to management estimates based on prevailing market conditions.

Cost is calculated based on the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, their carrying amounts are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

j) Foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at exchange rates ruling at the transaction dates. Monetary foreign currency balances and the accounts of overseas subsidiaries and associates are translated into Hong Kong dollars at the market rates ruling at the balance sheet date. Differences on foreign currency translation are dealt with in the profit and loss account with the exception of those arising on the translation of the accounts of overseas subsidiaries and associates which are dealt with in the capital reserve account.

Gains or losses on outstanding speculative forward contracts computed by reference to the forward rates at the balance sheet date are dealt with in the profit and loss account. No profit or loss is recognised on outstanding non-speculative forward contracts which are used as hedges of firm commitments.

Notes to the Accounts

k) Recognition of revenue

- (i)** Income from sale of goods is recognised when the title of the goods is transferred to the customers.
- (ii)** Income from management services is recognised upon provision of services.
- (iii)** Rental receivable from investment properties held for use under operating leases is accounted for on a straight line basis over the respective periods of the leases.
- (iv)** Dividend and investment income is recognised at the time when the right to receive payment is established.
- (v)** Income from sale of completed property is recognised upon signing of the sale and purchase agreement and income from pre-sale of property under development is recognised over the course of development (see Note 1 (f)(ii)).
- (vi)** Interest income is accrued on a time-apportioned basis on the principal outstanding and at the rate applicable.

l) Deferred taxation

Deferred taxation is calculated under the liability method in respect of the taxation effect arising from all timing differences which are expected with reasonable probability to crystallise in the foreseeable future.

m) Borrowing costs

Borrowing costs are expensed in the profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

n) Operating leases

Payment obligations in respect of operating leases on property with fixed rentals are accounted for on a straight line basis over the periods of the respective leases; payment obligations in respect of operating leases on property with rentals which vary with the sales of the Group are charged to the profit and loss account as incurred.

o) Related parties

For the purposes of these accounts, a party is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

Notes to the Accounts

2 TURNOVER

The principal activities of the Group are retailing and trading, property investment and sale, treasury management, investment holding and rendering of financial and commercial services. Analysis of the Group's turnover and operating profit by principal activities and geographical locations for the year ended 31 March is as follows:

	Turnover		Operating profit (before borrowing costs and provision for properties)	
	2001 HK\$ Million	2000 HK\$ Million	2001 HK\$ Million	2000 HK\$ Million
a) Principal activities:				
Retailing and trading	1,865.7	1,388.3	56.8	61.8
Sale of property	1,294.1	2,428.3	553.5	977.5
Property rental	282.3	321.5	224.9	267.6
Treasury management, investment and others	319.4	412.9	518.3	412.0
	3,761.5	4,551.0	1,353.5	1,718.9
b) Geographical locations of operations:				
Hong Kong	2,329.6	2,123.6	568.3	795.8
Singapore	1,349.5	2,377.9	778.2	914.8
Others	82.4	49.5	7.0	8.3
	3,761.5	4,551.0	1,353.5	1,718.9

3 OTHER NET INCOME

	2001 HK\$ Million	2000 HK\$ Million
Net profit on disposal of non-trading securities	231.5	154.3
Net provision for non-trading securities	(16.6)	—
Net other provision released/(charged)	84.0	(44.4)
Deferred profits realised	56.2	71.8
Profit on disposal of subsidiaries	—	78.3
Profit on disposal of interest in associates	—	108.7
Others	87.1	(41.1)
	442.2	327.6

Included in the net profit on disposal of non-trading securities is a net surplus, before deduction of minority interests, of HK\$144.5 million (2000: HK\$28.1 million) transferred from investment revaluation reserves.

Notes to the Accounts

4 OPERATING PROFIT

	2001	2000
	HK\$ Million	HK\$ Million
Operating profit is arrived at:		
after charging:–		
Staff costs	360.1	293.5
Cost of properties sold	765.7	1,549.4
Cost of inventories sold	1,057.7	806.3
Depreciation	56.2	34.3
Auditors' remuneration	5.0	4.2
Operating lease rentals – Land and building	229.3	123.6
and after crediting:–		
Rental income from operating leases less outgoings	205.8	243.0
– which includes gross rental income from investment properties	263.4	294.0
Dividend income from listed investments	140.9	139.4
Dividend income from unlisted investments	0.3	0.3

In addition, staff costs of HK\$10.0 million (2000: HK\$16.3 million) were capitalised in costs of properties under development.

5 BORROWING COSTS

	2001	2000
	HK\$ Million	HK\$ Million
Interest payable on		
Bank loans and overdrafts	1,063.8	1,013.6
Other loans repayable within five years	241.8	242.2
Other borrowing costs	102.5	106.0
Less: Amount capitalised *	(510.4)	(428.3)
	897.7	933.5

* Borrowing costs have been capitalised at rates between 4.0% to 7.7% per annum (2000: 4.0% to 7.0%).

Notes to the Accounts

6 DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID EMPLOYEES

a) Directors' emoluments

	2001	2000
	HK\$ Million	HK\$ Million
Fees	0.4	0.4
Basic salaries, housing allowances, other allowances and benefits in kind	3.4	3.2
Deemed profit on share option exercise	-	-
Retirement scheme contributions	-	-
Discretionary bonuses and/or performance – related bonuses	2.9	2.9
Compensation for loss of office	-	-
Inducement for joining the Group	-	-
	6.7	6.5

For the year under review, total emoluments (including any reimbursement) amounting to HK\$105,000 (2000: HK\$105,000), being wholly in the form of Directors' fees, were paid or payable to Independent Non-executive Directors of the Company.

The emoluments in respect of the year ended 31 March 2001 of all the Directors of the Company in office during the year were in the following ranges:

	2001	2000
Bands (in HK\$)	Number	Number
Not more than \$1,000,000	10	11
\$1,500,001 – \$2,000,000	1	1
\$4,500,001 – \$5,000,000	1	1
	12	13

Notes to the Accounts

b) Five highest paid employees

Set out below are analyses of the emoluments (excluding amounts paid or payable by way of commissions on sales generated by the employees concerned) for the year ended 31 March 2001 of four employees (2000: four) of the Group who, not being Directors of the Company, are among the top five highest paid individuals (including persons who held the office of Directors of the Company at any time during the year as well as other employees of the Group) employed by the Group.

(i) Aggregate emoluments

	2001	2000
	HK\$ Million	HK\$ Million
Basic salaries, housing allowances, other allowances and benefits in kind	8.7	7.5
Deemed profit on share option exercise	–	1.4
Pension scheme contributions	0.5	0.3
Discretionary bonuses and/or performance – related bonuses	3.7	4.0
Compensation for loss of office	–	–
Inducement for joining the Group	–	–
	12.9	13.2

(ii) Bandings

	2001	2000
Bands (in HK\$)	Number	Number
\$2,000,001 – \$2,500,000	1	2
\$2,500,001 – \$3,000,000	2	–
\$3,500,001 – \$4,000,000	–	1
\$4,500,001 – \$5,000,000	–	1
\$5,000,001 – \$5,500,000	1	–
	4	4

Notes to the Accounts

7 TAXATION

The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at the rate of 16% (2000: 16%). Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax. The taxation charge is made up as follows:

	2001	2000
	HK\$ Million	HK\$ Million
Company and subsidiaries		
Hong Kong profits tax for the year	19.3	13.0
Overseas taxation (credit)/charge for the year	(2.7)	20.1
Underprovisions in prior years	–	157.5
Deferred taxation (Note 25)	93.1	188.8
	109.7	379.4
Associates		
Hong Kong profits tax for the year	111.2	116.6
Overseas taxation for the year	16.8	11.9
Underprovisions in prior years	30.0	–
Tax refund in prior years	–	(28.5)
Deferred taxation	(14.5)	(12.4)
	143.5	87.6
	253.2	467.0

8 GROUP PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The group profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$169.5 million (2000: HK\$168.0 million).

9 DIVIDENDS

	2001	2000
	HK\$ Million	HK\$ Million
Interim dividend of 2.5 cents (2000: 2.5 cents) per share	50.8	50.8
Proposed final dividend of 5.0 cents (2000: 5.0 cents) per share	101.5	101.5
	152.3	152.3

Notes to the Accounts

10 EARNINGS PER SHARE

The calculation of earnings per share is based on earnings for the year of HK\$516.6 million (2000: HK\$864.4 million) and on the weighted average of 2,030.8 million (2000: 2,030.6 million) ordinary shares in issue during the year.

No figure for diluted earnings per share is shown as the exercise of the subscription rights attached to the share options referred to in Note 22 to the Accounts would not have a diluting effect on the earnings per share.

11 CHANGE IN ACCOUNTING POLICIES

In prior years, pre-operating and pre-maturity expenses of the Group's associates in relation to cable television and telecommunications operations were deferred and amortised over the respective licence periods and pre-operating expenses in relation to other projects under development were deferred and amortised over a period, not exceeding five years from the dates the projects came into operation. With effect from 1 April 2000, a new accounting policy was adopted to write off all these expenses as they are incurred in accordance with Interpretation 9 issued by the Hong Kong Society of Accountants. The new accounting policy has been adopted retrospectively. In adjusting prior years' figures, revenue reserves as at 1 April 1999 were restated and decreased by HK\$838.2 million representing the Group's share of unamortised balance of pre-operating and pre-maturity expenses charged to the prior year's consolidated profit and loss account.

As a result of the adoption of Interpretation 9 and restating the prior years' results and reserves, the Group's profit for the year attributable to shareholders has increased by HK\$78.5 million (2000: HK\$141.4 million) as a result of no amortisation of pre-operating and pre-maturity expenses and the write-off of related expenses incurred during the year and the Group's net assets at 31 March 2001 have decreased by HK\$633.9 million (2000: HK\$706.8 million).

Notes to the Accounts

12 FIXED ASSETS

Group	Investment properties HK\$ Million	Other properties HK\$ Million	Other fixed assets HK\$ Million	Total HK\$ Million
Cost or valuation				
At 1 April 2000	5,158.6	554.3	202.5	5,915.4
Exchange differences	(111.9)	–	(0.4)	(112.3)
Additions	14.9	–	35.6	50.5
Acquisition of subsidiaries	–	–	301.7	301.7
Disposals	–	–	(62.0)	(62.0)
Revaluation deficit	(400.5)	–	–	(400.5)
Net provision written-back	–	29.3	–	29.3
At 31 March 2001	4,661.1	583.6	477.4	5,722.1
Accumulated depreciation				
At 1 April 2000	–	25.6	124.9	150.5
Exchange differences	–	–	(0.2)	(0.2)
Acquisition of subsidiaries	–	–	205.5	205.5
Charge for the year	–	6.3	49.9	56.2
Written back on disposals	–	–	(41.4)	(41.4)
At 31 March 2001	–	31.9	338.7	370.6
Net Book Value				
At 31 March 2001	4,661.1	551.7	138.7	5,351.5
At 31 March 2000	5,158.6	528.7	77.6	5,764.9
a) The analysis of cost or valuation of the above assets is as follows:				
At valuation in 2001	4,661.1	–	–	4,661.1
At valuation in 1995 less provision	–	484.8	–	484.8
At cost less provision	–	98.8	477.4	576.2
	4,661.1	583.6	477.4	5,722.1
b) Tenure of title to properties:				
Held in Hong Kong				
– Long lease	2,587.5	470.3	–	3,057.8
– Medium lease	–	98.8	–	98.8
Held outside Hong Kong				
– Long lease	2,073.6	–	–	2,073.6
– Medium lease	–	14.5	–	14.5
	4,661.1	583.6	–	5,244.7

Notes to the Accounts

c) Properties revaluation

- (i) The Group's investment properties have been revalued as at 31 March 2001 either by Chesterton Petty Limited, or CB Richard Ellis (Pte) Ltd, independent firms of property consultants, on an open market value basis, after taking into consideration the net income allowing for reversionary potential and the redevelopment potential of the properties where appropriate.

The surplus or deficit arising on revaluation less minority interests is dealt with in investment property reserves.

- (ii) Certain other properties were valued at 31 March 1995 by Chesterton Petty Limited, on an open market value basis, after taking into account the development potential of the properties where appropriate.
- (iii) Included in other properties are properties amounting to HK\$484.8 million which are stated at professional valuations at 31 March 1995 less subsequent provisions for diminution in value.

13 SUBSIDIARIES

	Company	
	2001 HK\$ Million	2000 HK\$ Million
Unlisted shares, at cost	3,495.0	3,495.0
Amounts due from subsidiaries	11,212.2	12,966.4
Amounts due to subsidiaries	—	(62.8)
	14,707.2	16,398.6

Details of principal subsidiaries at 31 March 2001 are shown on pages 78 and 79.

Notes to the Accounts

14 ASSOCIATES

	Group	
	2001	Restated 2000
	HK\$ Million	HK\$ Million
Share of net assets other than goodwill	28,869.7	27,687.0
Amounts due from associates	576.0	221.6
Loans from associates (Note b)	(2,362.8)	(2,054.6)
Amounts due to associates (Note c)	(2,411.0)	(2,283.1)
	24,671.9	23,570.9

- a) Analysis of the cost of investment of the above:

	Group	
	2001	2000
	HK\$ Million	HK\$ Million
Shares listed in Hong Kong	11,529.7	11,663.6
Unlisted shares	95.9	255.0
	11,625.6	11,918.6
Market value of listed shares	24,991.1	18,376.8

- b) Loans from associates are interest bearing at rates as determined with reference to prevailing market rates. Interest expenses in respect of loans from associates for the year ended 31 March 2001 amounted to HK\$163.3 million (2000: HK\$121.1 million).
- c) Amounts due to associates are unsecured and interest free.
- d) Extracts of the consolidated profit and loss account and consolidated balance sheet of The Wharf (Holdings) Limited, the significant associate of the Group, are shown on page 83.
- e) Details of principal associates at 31 March 2001 are shown on page 79.

Notes to the Accounts

15 LONG-TERM INVESTMENTS

	Group	
	2001	2000
	HK\$ Million	HK\$ Million
Non-trading equity securities, at market value		
Listed in Hong Kong	2,590.6	2,950.2
Listed outside Hong Kong	733.4	650.7
Unlisted shares	11.5	12.2
	3,335.5	3,613.1

16 DEFERRED DEBTORS

Deferred debtors represent receivables due after more than one year.

17 PROPERTIES UNDER DEVELOPMENT

- a) The amount of properties under development carried at net realisable value at 31 March 2001 is HK\$7,190.6 million (2000: HK\$7,717.2 million).
- b) The amount of properties under development pledged as security for bank loans is HK\$6,009.7 million (2000: HK\$10,769.1 million).

18 INVENTORIES

The amount of inventories carried at net realisable value at 31 March 2001 is HK\$68.1 million (2000: HK\$73.8 million).

19 DEBTORS AND PREPAYMENTS

The Group maintains defined credit policies for the respective businesses and trade debtors are closely monitored in order to control credit risk associated with trade receivables.

Included in debtors and prepayments are trade debtors with an ageing analysis as at 31 March 2001 as follows:

	Group	
	2001	2000
	HK\$ Million	HK\$ Million
Current	58.7	103.1
31 – 60 days	5.8	4.4
61 – 90 days	5.0	4.6
Over 90 days	8.2	22.6
	77.7	134.7

Notes to the Accounts

20 SHORT-TERM LOANS AND OVERDRAFTS

	Group		Company	
	2001 HK\$ Million	2000 HK\$ Million	2001 HK\$ Million	2000 HK\$ Million
Bank loans and overdrafts				
Unsecured	399.5	1,119.7	264.9	279.2
Secured	135.2	339.3	–	–
Current portion of long-term bank loans				
Unsecured	3,500.0	1,200.0	3,500.0	1,200.0
Secured	30.0	1,647.8	–	–
Notes and bonds (Unsecured)				
Notes (Note a)	500.0	–	–	–
Bonds (Note b)	–	500.0	–	–
	4,564.7	4,806.8	3,764.9	1,479.2

- a) The unsecured notes, bearing interest at 8.75 per cent per annum, will mature on 17 December 2001 and have been reclassified under current liabilities at 31 March 2001.
- b) The unsecured bonds, bearing interest at 7.25 per cent per annum, matured on 30 November 2000.

21 CREDITORS AND ACCRUALS

Included in creditors and accruals are trade creditors with an ageing analysis as at 31 March 2001 as follows:

	Group	
	2001 HK\$ Million	2000 HK\$ Million
Amounts payable in the next:		
0 – 30 days	387.6	374.1
31 – 60 days	152.3	103.1
61 – 90 days	29.5	2.3
Over 90 days	134.1	74.3
	703.5	553.8

Notes to the Accounts

22 SHARE CAPITAL

	2001	2000	2001	2000
	No. of shares	No. of shares	HK\$ Million	HK\$ Million
	Million	Million		
Authorised				
Ordinary shares of HK\$0.50 each				
Balance at 1 April	2,420.0	2,420.0	1,210.0	1,210.0
Increase in authorised ordinary share capital	380.0	–	190.0	–
Balance at 31 March	2,800.0	2,420.0	1,400.0	1,210.0
Issued and fully paid				
Balance at 1 April	2,030.8	2,030.2	1,015.4	1,015.1
Exercise of share options granted under the Executive Share Incentive Scheme	0.1	0.6	–	0.3
Balance at 31 March	2,030.9	2,030.8	1,015.4	1,015.4

By a resolution passed at the annual general meeting held on 28 September 2000, the authorised share capital of the Company was increased from HK\$1,210.0 million to HK\$1,400.0 million by the creation of 380 million new ordinary shares of HK\$0.50 each.

As at 31 March 2001, options to subscribe for 1.0 million ordinary shares of the Company at prices ranging from HK\$5.20 to HK\$10.60 per share granted to a number of executives under the Company's Executive Share Incentive Scheme were unexercised. These options are exercisable between 13 August 1994 and 29 September 2003 subject to the terms of the grants.

During the year, options were exercised to subscribe for 0.1 million shares of HK\$0.50 each at considerations of HK\$5.20 and HK\$5.50 per share.

Notes to the Accounts

23 RESERVES

	Share premium	Capital redemption reserve	Investment property revaluation reserves	Investment revaluation reserves	Other capital reserves	Revenue reserves	Total
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
a) Group							
Company and subsidiaries							
Balance at 1 April 2000	1,908.6	19.5	1.9	183.8	246.3	8,159.9	10,520.0
Premium on shares issued	0.5	-	-	-	-	-	0.5
Revaluation surplus	-	-	-	7.4	-	-	7.4
Net provision	-	-	-	21.7	-	-	21.7
Realised on disposal	-	-	-	(110.4)	-	-	(110.4)
Exchange differences	-	-	-	-	(123.0)	-	(123.0)
Provision for other properties written back	-	-	-	-	36.9	-	36.9
Reserves arising on consolidation	-	-	-	-	4.3	-	4.3
Reclassification	-	-	-	(14.8)	-	(57.9)	(72.7)
Others	-	-	-	-	1.2	-	1.2
Deficit for the year absorbed	-	-	-	-	-	(100.9)	(100.9)
Balance at 31 March 2001	1,909.1	19.5	1.9	87.7	165.7	8,001.1	10,185.0
Associates							
Balance at 1 April 2000	-	-	-	-	-	-	-
As previously reported	-	-	13,676.6	200.8	(348.5)	2,884.9	16,413.8
Prior period adjustment (Note 11)	-	-	-	-	(10.0)	(696.8)	(706.8)
As restated	-	-	13,676.6	200.8	(358.5)	2,188.1	15,707.0
Revaluation surplus	-	-	1,009.1	50.5	-	-	1,059.6
Revaluation of hotel and club properties	-	-	-	-	56.3	-	56.3
Realised on disposal	-	-	-	(364.6)	-	-	(364.6)
Reserves arising on consolidation	-	-	-	-	76.5	-	76.5
Reclassification	-	-	4.4	14.8	(4.4)	57.9	72.7
Others	-	-	-	-	(12.8)	-	(12.8)
Profit for the year retained	-	-	-	-	-	465.2	465.2
Balance at 31 March 2001	-	-	14,690.1	(98.5)	(242.9)	2,711.2	17,059.9
Total reserves at 31 March 2001	1,909.1	19.5	14,692.0	(10.8)	(77.2)	10,712.3	27,244.9

Notes to the Accounts

	Share premium	Capital redemption reserve	Investment property revaluation reserves	Investment revaluation reserves	Other capital reserves	Revenue reserves	Total
	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million	HK\$ Million
Company and subsidiaries							
Balance at 1 April 1999	1,905.2	19.5	4.1	(303.2)	32.8	8,389.1	10,047.5
Premium on shares issued	3.4	-	-	-	-	-	3.4
Revaluation (deficit)/surplus	-	-	(2.2)	503.6	-	-	501.4
Realised on disposal	-	-	-	(16.6)	-	-	(16.6)
Exchange differences	-	-	-	-	29.5	-	29.5
Reserves arising on consolidation	-	-	-	-	186.7	-	186.7
Transfers	-	-	-	-	(12.7)	12.7	-
Others	-	-	-	-	10.0	-	10.0
Deficit for the year absorbed	-	-	-	-	-	(241.9)	(241.9)
Balance at 31 March 2000	1,908.6	19.5	1.9	183.8	246.3	8,159.9	10,520.0
Associates							
Balance at 1 April 1999							
As previously reported	-	-	9,259.7	(449.4)	5,599.1	2,076.2	16,485.6
Prior period adjustment (Note 11)	-	-	-	-	-	(838.2)	(838.2)
As restated	-	-	9,259.7	(449.4)	5,599.1	1,238.0	15,647.4
Revaluation (deficit)/surplus	-	-	(995.0)	460.6	-	-	(534.4)
Provision for impairment of other properties	-	-	-	-	(540.2)	-	(540.2)
Transfer	-	-	5,506.2	-	(5,506.2)	-	-
Reserves arising on consolidation	-	-	-	-	127.0	-	127.0
Realised on disposal	-	-	-	189.6	-	-	189.6
Disposal of interests in associates	-	-	(94.3)	-	(51.2)	-	(145.5)
Others	-	-	-	-	13.0	(3.9)	9.1
Profit for the year retained	-	-	-	-	-	954.0	954.0
Balance at 31 March 2000	-	-	13,676.6	200.8	(358.5)	2,188.1	15,707.0
Total reserves at 31 March 2000	1,908.6	19.5	13,678.5	384.6	(112.2)	10,348.0	26,227.0

Notes to the Accounts

	Share premium HK\$ Million	Capital redemption reserve HK\$ Million	Other capital reserves HK\$ Million	Revenue reserves HK\$ Million	Total HK\$ Million
b) Company					
Balance at 1 April 2000	1,908.6	19.5	77.2	1,459.8	3,465.1
Premium on shares issued	0.5	–	–	–	0.5
Profit for the year retained	–	–	–	17.2	17.2
Balance at 31 March 2001	1,909.1	19.5	77.2	1,477.0	3,482.8
Balance at 1 April 1999	1,905.2	19.5	77.2	1,444.1	3,446.0
Premium on shares issued	3.4	–	–	–	3.4
Profit for the year retained	–	–	–	15.7	15.7
Balance at 31 March 2000	1,908.6	19.5	77.2	1,459.8	3,465.1

Reserves of the Company available for distribution to shareholders at 31 March 2001 amounted to HK\$1,477.0 million (2000: HK\$1,459.8 million).

24 LONG-TERM LOANS

	Group		Company	
	2001 HK\$ Million	2000 HK\$ Million	2001 HK\$ Million	2000 HK\$ Million
Bank loans (Secured)				
Repayable after 1 year, but within 2 years	1,255.9	115.0	–	–
Repayable after 2 years, but within 5 years	718.0	1,764.9	–	–
	1,973.9	1,879.9	–	–
Bank loans (Unsecured)				
Repayable after 1 year, but within 2 years	6,325.0	5,000.0	6,325.0	5,000.0
Repayable after 2 years, but within 5 years	4,100.0	5,325.0	–	5,325.0
	10,425.0	10,325.0	6,325.0	10,325.0
Notes (Unsecured) (Note 20a)	–	500.0	–	–
	12,398.9	12,704.9	6,325.0	10,325.0

Notes to the Accounts

25 DEFERRED TAXATION

	Group	
	2001 HK\$ Million	2000 HK\$ Million
At 1 April	734.9	562.0
Exchange differences	(37.2)	7.5
Transferred from profit and loss account (Note 7)	93.1	188.8
Deferred taxation relating to depreciation allowances	-	(14.4)
Released on disposal of subsidiaries	-	(9.0)
At 31 March	790.8	734.9
Major components of deferred taxation provided are set out below:		
Surplus on revaluation of a property on acquisition of subsidiaries	165.5	232.7
Profit on pre-sale of properties	625.3	499.8
Others	-	2.4
	790.8	734.9

26 CONTINGENT LIABILITIES

At 31 March 2001

- a) There were contingent liabilities in respect of guarantees given by the Company on behalf of subsidiaries relating to banking facilities and unsecured notes up to HK\$6,172.3 million (2000: HK\$3,182.4 million).
- b) Guarantees given by the Group in respect of banking facilities available to associates amounted to HK\$595.3 million (2000: Nil).
- c) The Company together with two non wholly-owned subsidiaries and two associates have jointly and severally guaranteed the performance and observance of the terms by another subsidiary under an agreement for the property development of the MTRC Kowloon Station Package Two.

Notes to the Accounts

27 COMMITMENTS

a) Commitments in respect of property developments and capital expenditures

	Group	
	2001	2000
	HK\$ Million	HK\$ Million
Contracted but not provided for	4,379.5	2,873.9
Authorised but not contracted for	-	5.2

b) Capital commitments in respect of investments in China projects

	Group	
	2001	2000
	HK\$ Million	HK\$ Million
Contracted but not provided for	1,504.6	1,501.9

c) Lease commitments

At 31 March 2001, the Group has future commitments under operating leases to make payments in respect of leasehold properties in the ensuing year as follows:

	Group	
	2001	2000
	HK\$ Million	HK\$ Million
Expiring in the first year	2.0	2.8
Expiring in the second to fifth years inclusive	125.8	122.6
	127.8	125.4

d) Forward exchange contracts

	Group	
	2001	2000
	HK\$ Million	HK\$ Million
Forward exchange contracts outstanding	798.2	2,120.5

Notes to the Accounts

28 RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group has not been a party to any material related party transactions during the year ended 31 March 2001:

- a) Loans and advances in the amount of HK\$4,750.8 million (2000: HK\$4,332.1 million) were made from certain associates for the Sham Tseng and MTRC Kowloon Station Package Two developments, further details of which are disclosed in Note 14 to the accounts.
- b) As disclosed in Note 26(c), the Company together with two non wholly-owned subsidiaries and two associates have jointly and severally guaranteed the performance and observance of the terms by another subsidiary under an agreement for the property development of the MTRC Kowloon Station Package Two.

29 APPROVAL OF ACCOUNTS

The accounts were approved by the Directors on 26 June 2001.

Principal Subsidiaries and Associates

at 31 March 2001

Subsidiaries	Place of incorporation/ operation	Issued & fully paid up share capital (all being ordinary shares except otherwise stated)	Percentage of equity attributable to the Group	Principal activities
Actbilt Pte Limited	Singapore	2 S\$1 shares	55	Property
Ad Hoc (Hong Kong) Limited	Hong Kong	1,000,000 HK\$1 shares	52	Retailing
Ad Hoc (Taiwan) Limited	Hong Kong	10,000 HK\$1 shares	52	Retailing
Everbilt Developers Pte Ltd	Singapore	160,000,000 S\$1 shares	55	Property
* Glegg Company Limited	Hong Kong	2 HK\$1 shares	100	Finance
Grannis Limited	Hong Kong	2 HK\$10 shares	54	Property
Harriman Designs and Engineering Limited	Hong Kong	3 HK\$10 shares	74	Finance
Harriman Leasing Limited	Hong Kong	100,049 HK\$10 shares	50	Letting agent
		50 non-voting HK\$10 shares	100	
* Harriman Realty Company, Limited	Hong Kong	100,000 HK\$10 "A" shares	100	Property management
		102,000 HK\$0.1 "B" shares	2	
Janeworth Company Limited	Hong Kong	2 HK\$1 shares	54	Property
Joyce Beauty (Hong Kong) Limited	Hong Kong	10,000 HK\$1 shares	52	Retailing
Joyce Boutique Holdings Limited	Bermuda/ International	1,600,000,000 HK\$0.1 shares	52	Holding Company
Joyce Boutique Limited	Hong Kong	100 HK\$100 shares	52	Retailing
		5,000 non-voting deferred HK\$100 shares	52	
Joyce Cafe (Hong Kong) Limited	Hong Kong	2 HK\$1 shares	52	Restaurant
Keevil Company Limited	Hong Kong	2 HK\$1 shares	54	Property
Kennedy Town Service Company Limited	Hong Kong	50 HK\$100 shares	54	Finance
Kowloon Properties Company Limited	Hong Kong	10,000 HK\$1 shares	61	Property
* Lane Crawford International Limited	Bermuda/ International	2,000,000 HK\$0.05 shares	100	Holding company
* Lane Crawford (Hong Kong) Limited	Hong Kong	2 HK\$10 shares	100	Retailing
* Lane Crawford (Singapore) Pte Ltd	Singapore	25,000 S\$1 shares	100	Retailing
* Lawley International Limited	British Virgin Islands/ International	500 US\$1 shares	100	Finance
Marco Polo Developments Limited	Singapore	398,853,292 S\$1 shares	55	Property
Marnav Holdings Limited	Hong Kong	1,000,000 HK\$1 shares	54	Property
MP-Bilt Pte Ltd	Singapore	1,000,000 S\$1 shares	55	Property
New Asia Realty and Trust Company, Limited	Hong Kong	2,069,637,125 HK\$0.2 shares	74	Holding company
* Office Buildings Management Limited	Hong Kong	198 HK\$100 shares	99	Property management
Pizzicato Limited	Hong Kong	2 HK\$10 shares	54	Property
Realty Development Corporation Limited	Hong Kong	1,151,389,640 HK\$0.2 shares	54	Holding company
* Ridge Limited	Hong Kong	2 HK\$1 shares	100	Property
Salisbury Company Limited	Hong Kong	2 HK\$1 shares	74	Property

Principal Subsidiaries and Associates

Subsidiaries	Place of incorporation/operation	Issued & fully paid up share capital (all being ordinary shares except otherwise stated)	Percentage of equity attributable to the Group	Principal activities
Samover Company Limited	Hong Kong	2 HK\$1 shares	54	Property
Sandsprings Limited	Hong Kong	2 HK\$10 shares	54	Property
Titano Limited	Hong Kong	2 HK\$1 shares	54	Property
Wavatah Company Limited	Hong Kong	2 HK\$1 shares	54	Property
Webhouse Limited	Hong Kong	10,000 HK\$1 shares	52	Retailing
* Wheelock Capital Limited (held directly)	Hong Kong	2 HK\$1 shares	100	Investment
* Wheelock China Limited (held directly)	Hong Kong/China	2 HK\$1 shares	100	Holding company
* Wheelock International Limited	British Virgin Islands/ International	500 US\$1 shares	100	Management services
* Wheelock Pacific Limited (held directly)	Hong Kong	10 HK\$100 shares	100	Commercial services
* Wheelock Properties (China) Limited	Hong Kong/China	2 HK\$10 shares	100	Property development in China
* Wheelock Properties Limited (held directly)	Hong Kong	10,000,000 HK\$1 shares	100	Property development services
* Wheelock Travel Limited	Hong Kong	50,000 HK\$10 shares	100	Travel agency
Zarow Limited	Hong Kong	2 HK\$10 shares	54	Property

Associates	Place of incorporation/operation	Percentage of share capital (of the class of shares stated below) held by subsidiary(ies) of the Company	Percentage of equity attributable to the Group	Principal activities
City Super Limited	Hong Kong	39 (ordinary shares)	39	Retailing
Dramstar Company Limited	Hong Kong	100 ("B" shares)	23	Property
Grace Sign Limited	Hong Kong	20 (ordinary shares)	11	Property
Hamptons Group Limited	United Kingdom	33 (ordinary shares)	18	Property agency
The Wharf (Holdings) Limited	Hong Kong	48 (ordinary shares)	48	Holding company

Notes

- 1) * The accounts of these companies have been audited by PricewaterhouseCoopers.
- 2) Unless otherwise stated, the subsidiaries and associates were held indirectly by the Company.
- 3) The above list gives the principal subsidiaries and associates of the Group which, in the opinion of the Directors, principally affect the profit and assets of the Group.
- 4) All associates are corporate entities.

Report of the Auditors

TO THE SHAREHOLDERS OF WHELOCK AND COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

We have audited the accounts on pages 45 to 79 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Hong Kong Companies Ordinance requires the Directors to prepare accounts which give a true and fair view. In preparing accounts which give a true and fair view it is fundamental that appropriate accounting policies are selected and applied consistently.

It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Society of Accountants. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the Company's and the Group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2001 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 June 2001

Schedule of Principal Properties

at 31 March 2001

Properties held for investment	Lot number	Lease expiry	Approx. gross		Attributable % owned	Year of completion	Type/usage
			floor area (sq. ft.)				
Lane Crawford House, 70 Queen's Road Central, Central	IL7 R.P. & IL45 Sec.A R.P.	2842	181,500		100	1977	Office & shop
Wheelock Place, 501 Orchard Road, Singapore	—	2089	464,800		55	1993	Office & shopping arcade
Shop C, G/F & 3/F-24/F, Wheelock House, 20 Pedder Street, Central	ML 99 Sec. A,C, R.P. & ML 100 Sec.A,B, R.P.	2854	214,400		54	1984	Office & Shop
Fitfort, Basement-3/F, Healthy Gardens Podium, 560 King's Road, North Point	IL 3546	2086	239,700		54	1979	Shopping arcade & car parks
Shops & godown spaces, 100-142 Belcher's Street, Kennedy Town	IL 906 Sec. E-M & R.P.	2882	143,800		54	1960s & 70s	Shopping arcade & godown

Properties for development and/or sale	Lot number	Site area (sq. ft.)	Approx. gross		Attributable % owned	Expected year of completion	Type/usage	Stage of completion
			floor area (sq. ft.)					
Bellagio, Sham Tseng	Lot No. 266 in DD 390	494,700	2,799,800		74	2004	Residential/ commercial	Superstructure in progress
Sorrento, MTRC Kowloon Station Package Two	KIL 11080	184,926	2,263,900		61	2003	Residential	Superstructure in progress
Ardmore Park, Ardmore Park Road, Singapore	—	345,120	1,101,000		55	2001	Residential	Near completion

Schedule of Principal Properties

Properties for development and/or sale	Lot number	Site area (sq. ft.)	Approx. gross floor area (sq. ft.)	Attributable % owned	Expected year of completion	Type/usage	Stage of completion
The Grange Residences, 247 Tanglin Road, Singapore	–	167,000	467,600	55	2003	Residential	Foundation works in progress
Ardmore View, 2B Ardmore Park Road, Singapore	–	44,100	110,200	55	–	Residential	Planning
Site at 168 Castle Peak Road, Castle Peak Bay, Tuen Mun	TMTL 386	174,226	228,100	54	2003	Residential	Superstructure in progress
Site at Kwai Hei Street, Kwai Chung	KCTL 448	25,489	242,100	54	–	Industrial/office	Foundation works completed
Site at King's Park, Ho Man Tin	KIL 11118	387,569	904,200	11	–	Residential	Planning
Various units of World Tech Centre, 95 How Ming Street, Kwun Tong	KTIL 195 R.P.	37,341	76,051	74	–	Industrial	Completed
Various units of My Loft, 9 Hoi Wing Road, Tuen Mun	TMTL 379	40,946	59,800	54	–	Godown	Completed
Various units of Forest Hill, 31 Lo Fai Road, Tai Po	TPTL 115	265,117	38,500	54	–	Residential	Completed
Various units of The Astrid, 180 Argyle Street, Ho Man Tin	KIL 11005	61,118	27,800	54	–	Residential	Completed
Various units of The Primrose 38 Rose Street, Yau Yat Tsuen	NKIL 4932	14,122	21,000	54	–	Residential	Completed
Various units of Bailey Garden, 23 Bailey Street, Hung Hom	KIL 11022	33,896	11,200	54	–	Shop	Completed
Various units of The Regalia, 33 King's Park Rise, Ho Man Tin	KIL 11001	69,073	10,100	54	–	Residential	Completed

Note: All the above properties are in Hong Kong except otherwise stated.

The Wharf (Holdings) Limited

Extracts from the Published Accounts

THE WHARF (HOLDINGS) LIMITED

Accounts for the year ended 31 December 2000

	Year ended 31/12/2000 HK\$ Million	Restated Year ended 31/12/1999 HK\$ Million
Consolidated Profit and Loss Account		
Group profit attributable to shareholders	2,480	3,217
Prior year adjustment	–	294
Restated amount	2,480	3,511
Dividends	1,908	1,881

	31/12/2000 HK\$ Million	Restated 31/12/1999 HK\$ Million
Consolidated Balance Sheet		
Fixed assets	77,237	73,362
Associates	4,972	5,197
Long-term investments	1,901	5,258
Deferred debtors	433	506
Deferred items	570	575
Current assets	7,179	12,536
Current liabilities	(13,905)	(10,345)
	78,387	87,089
Share capital	2,446	2,446
Reserves	54,158	51,966
Shareholders' funds	56,604	54,412
Minority interests	4,004	5,368
Long-term loans	16,852	26,339
Other deferred liabilities	449	463
Deferred taxation	478	507
	78,387	87,089

Five-year Financial Summary

HK\$ Million		Restated	Restated	Restated	
Financial year ended 31 March	1997	1998	1999	2000	2001
Consolidated Profit and Loss Account					
Turnover (Note a)	5,839.8	7,894.3	7,099.4	4,551.0	3,761.5
Group profit attributable to shareholders	2,535.5	1,449.0	602.4	723.0	516.6
Prior year adjustment (Note b & c)	–	(2,407.0)	55.0	141.4	–
Restated amount	2,535.5	(958.0)	657.4	864.4	516.6
Dividends	(882.2)	(567.9)	(152.2)	(152.3)	(152.3)
Transferred to revenue reserves	1,653.3	(1,525.9)	505.2	712.1	364.3
Consolidated Balance Sheet					
Fixed assets	13,841.5	10,471.5	9,444.3	5,764.9	5,351.5
Associates (Note b & c)	40,187.0	37,245.4	24,392.5	23,570.9	24,671.9
Long-term investments (Note b)	698.0	4,016.0	3,460.0	3,613.1	3,335.5
Deferred debtors	276.3	517.7	420.3	91.0	57.4
Current assets	26,810.0	22,465.8	20,381.4	24,260.6	24,998.7
Current liabilities	(16,581.0)	(10,097.2)	(10,264.5)	(9,952.4)	(10,432.1)
	65,231.8	64,619.2	47,834.0	47,348.1	47,982.9
Share capital	1,012.5	1,013.4	1,015.1	1,015.4	1,015.4
Reserves (Note b & c)	44,807.5	38,907.4	26,533.1	26,227.0	27,244.9
Shareholders' funds	45,820.0	39,920.8	27,548.2	27,242.4	28,260.3
Minority interests (Note b & c)	9,892.9	7,777.5	6,592.4	6,217.6	6,114.0
Long-term loans	8,571.5	15,960.6	12,701.4	12,704.9	12,398.9
Deferred taxation	486.1	501.4	562.0	734.9	790.8
Deferred profits	461.3	458.9	430.0	448.3	418.9
	65,231.8	64,619.2	47,834.0	47,348.1	47,982.9

Note:

Pursuant to the adoption of the Statement of Standard Accounting Practice 1 ("SSAP 1") "Presentation of financial statements", the Statement of Standard Accounting Practice 24 ("SSAP 24") "Accounting for investments in securities" and Interpretation 9 "Accounting for Pre-operating costs", certain figures have been reclassified or restated as set out below:

- Turnover figures for the years ended 31 March 1998 and onwards are presented in accordance with the requirements of SSAP 1.
- These figures for the years 1998 and 1999 have been restated pursuant to the adoption of SSAP 24 as explained in Note 11 to the 2000 Accounts. Figures for the year 1997 have not been restated as it would involve delay and expenses out of proportion to the benefit to shareholders.
- These figures have been restated pursuant to the adoption of Interpretation 9 "Accounting for pre-operating costs" as explained in Note 11 to the accounts for the year under review. Figures for 1999 and prior years have not been restated as it would involve delay and expenses out of proportion to the benefit to shareholders.