

# COMPANY Profile




Hopewell Holdings Limited

Property

Infrastructure

Construction

Hospitality

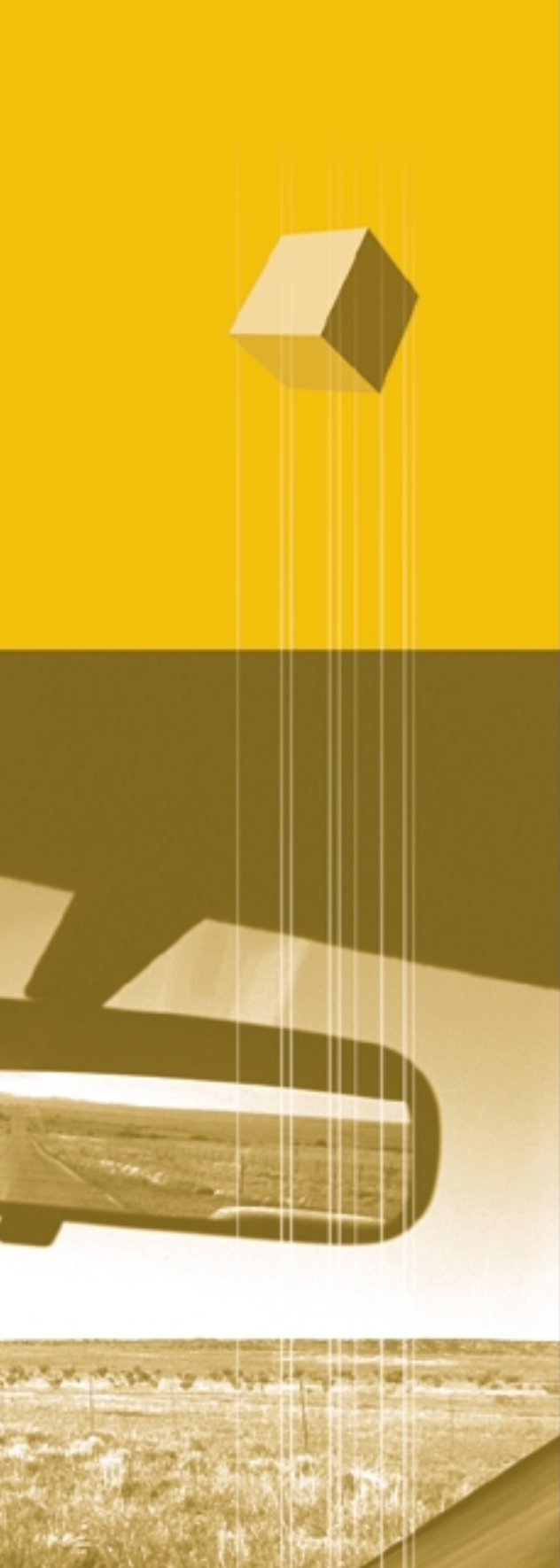


Established in 1972, Hopewell Holdings Limited is listed on the Stock Exchange of Hong Kong Limited. The Group is active in the field of infrastructure, engineering and construction, hospitality and property.

The Group is one of the first foreign companies to invest in PRC infrastructure and is a leading infrastructure development company in Asia. Entering into a new decade, Hopewell looks forward to building its vision by capturing the growth of global markets and the liberalization of local economies.

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“ The steps taken to improve our financial position are having **positive impact** ”



# C h a i r m a n ' s

## S T A T E M E N T

### Consolidated Results

I am pleased to report that, for the year ended 30th June 2000, the Group's turnover increased by 16.7% to HK\$1,572 million and net profit increased by 10.1% to HK\$169.29 million.

### Dividend

The Board of Directors has decided to recommend the payment of a final dividend of HK6 cents per share for the year ended 30th June, 2000 (1999: HK5 cents per share). Together with the interim dividend of HK5 cents per share paid on 15th May, 2000, total dividends for the year ended 30th June, 2000 will amount to HK11 cents (1999: HK10 cents) per share, an increase of 10% over that of the previous year. Subject to the approval of



105. The popularity of Shunde 105, however, diverted traffic from the Shunde Roads resulting in a 11% decline to 95,303 average daily vehicles. This was also the year when the full length of the Guangzhou ESW Ring Road was opened at the end of the fiscal year. This signalled a step closer to the completion of our network of roads along the Pearl River Delta region.

shareholders at the Annual General Meeting to be held on 5th December, 2000, the final dividend will be paid on or about 12th December, 2000 to shareholders as registered at the close of business on 5th December, 2000.

## Business Review

### *Infrastructure*

During the year, profit from our infrastructure projects grew by 70%. GSZ Superhighway, our star performer, had traffic growth of 21% and revenue growth of 22%, the fifth consecutive year of double digit growth. Average daily traffic flow exceeded 100,000 vehicles as of January 2000. We are very proud of this achievement. During the same period, average daily traffic reached 79,527 vehicles for the Shunde

Also during the year, a conditional agreement was entered to dispose of 25% of Shunde Roads for approximately HK\$662 million. We have invested in this road since 1991 and with the opening of the Shunde 105, we saw the need to diversify our investments. With the liberalization of the PRC markets and China's entry into World Trade Organization ("WTO"), we see an opportunity for further infrastructure development and more utilization of the local markets for project capitalization.

### *Property*

Locally, the gradual turnaround of the economy was accompanied by relatively greater competition in the property market. Group turnover from property rental and management business for the year amounted to HK\$361 million, compared with HK\$469 million reported last year, as the property division encountered negative rental reversion following the Asian crisis. In spite of this, occupancy rates picked up due to the resurgence of new businesses. Our flagship building, Hopewell Centre, has committed tenants occupying 94%. Rental rates are anticipated to increase as the pace of economic recovery quickens.



*The popularity of Shunde 105 Road has recorded strong traffic growth*

### *Hospitality*

The outlook of the sluggish hotel industry is turning positive with the rebound of tourist arrivals. Turnover increased to HK\$293 million from HK\$221 million. Whilst the Group's Panda Hotel enjoyed slight improvement in occupancy rates, room rates remained at a relatively competitive level due to keen regional and industry factors. The adjustment in room rates lowered the overall profit margin of the hotel. However, we aim to bring the Panda Hotel to a more profitable operation as it capitalizes on the much-improved tourism of Hong Kong. In the long term, the development of local tourism projects is very promising for the hotel industry.



*Ya Ji Sha Bridge of ESW Ring Road was opened in June 2000*

### *Construction and Engineering*

Despite the depressed construction industry, our construction and engineering division increased its turnover by 180% to HK\$406 million for the year. With the completion of our four projects drawing close, we will continue to bid for new contracts in Hong Kong.

### *Other Developments*

Since the Asian crisis, we suspended two of our major infrastructure projects; the Bangkok Elevated Road and Train System in Thailand and the Tanjung Jati B power project in Indonesia. We have notified the Thai Government regarding settlement, and we will consider legal actions to recover our investment and to protect our shareholders' interest. Meanwhile, discussions are ongoing for the rationalization process of the Tanjung Jati B project in Indonesia. Both parties are working towards a settlement as soon as possible.

## Prospects

The imminent admission of China into the WTO and its economic growth will provide unprecedented opportunity for Hong Kong. The improving living standard and the increasing business status encourage greater needs for local infrastructure development. As the Group has played a prime role in the infrastructure industry in China, we will continue to leverage our advantage and expertise to add value to the existing line of businesses.

In Hong Kong, the gradual economic recovery means a stable base for local business. Increased business activity and a tight commercial property market in the future will mean growth for our own property business.

As we enter a new era, the Group will be dedicated to maintain profitable contributions from its core business while exploring new development opportunities. As part of our streamlining process, we will continue to improve our operations by implementing efficiencies and disposing of non-core assets. While our vision remains to expand in the region, the Group will focus on strengthening its present business base to reinforce a solid foundation on which to build our vision.


## Appreciation

On behalf of our Directors and shareholders, I would like to thank all employees of the Group for their dedication and loyalty over the years. Looking ahead, I wish to take and overcome all the challenges with them to strive for a prosperous future of the Group.

**Sir Gordon Ying Sheung Wu, KCMG**  
*Chairman and Managing Director*

Hong Kong, 27th October, 2000





Infrastructure:

ROAD



The road infrastructure business experienced strong growth with GSZ East recording outstanding traffic flow and toll revenue for the fifth consecutive year.

In the future, infrastructure development remains and continues to be the integral component to the Group's business profile.

# The road portfolio forms the backbone of highway network in Guangdong Province

## Infrastructure: Roads

The Group is one of the pioneers in developing infrastructure in PRC. Through its primary vehicle, Delta Roads Limited, the Group has an investment portfolio of six roads with a combined length of approximately 360 kilometers. The portfolio forms the backbone of an integrated highway network in the Pearl River Delta region of the Guangdong Province.



*GSZ East is one of the busiest highways in the Guangdong Province*



*Toll station at Huanggang, GSZ East*

Profit for the road infrastructure business experienced strong growth for the year, growing by 70%. The growth is attributed to the economic recovery of the region and the growing business activity between Hong Kong and PRC.

## Guangzhou-Shenzhen Superhighway (GSZ East)

As the principal highway located in the Pearl River Delta region, GSZ East recorded substantial growth both in traffic flow and toll revenue. The average daily traffic for the year under review reached 95,400 vehicles, a growth of 21% over the past year. This comprised of a 29% growth in HK vehicles and a 21% growth in PRC vehicles. Toll revenue was increased by 22%, reaching RMB1,614 million, notwithstanding a discount campaign offered to certain cross-border trucking associations since May 1998.

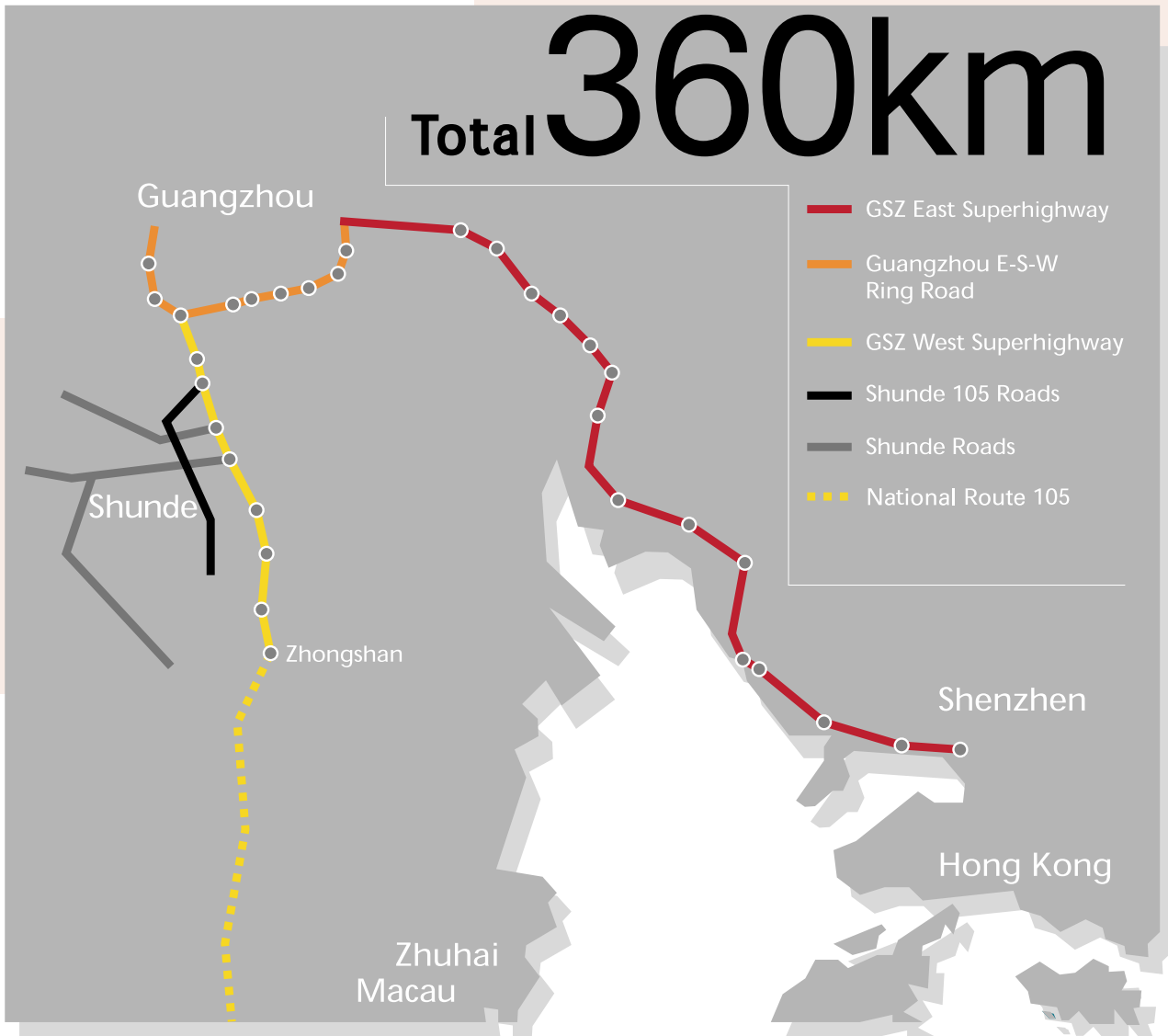
Operating expenses for the year were kept at the 1997 levels due to a stringent budgetary control and a cost-cutting programme. Moreover, the headcounts of the operating company were reduced from 1,800 to 1,500 while maintaining a high level of service.

In November 1999, the State Administration of Foreign Exchange approved the Bank of China, Guangdong Branch to replace the Guangdong International Trust and Investment Corporation as a shortfall payment guarantor for the US\$800 million syndicated bank project finance. Impressively, there has been no shortfall in bank



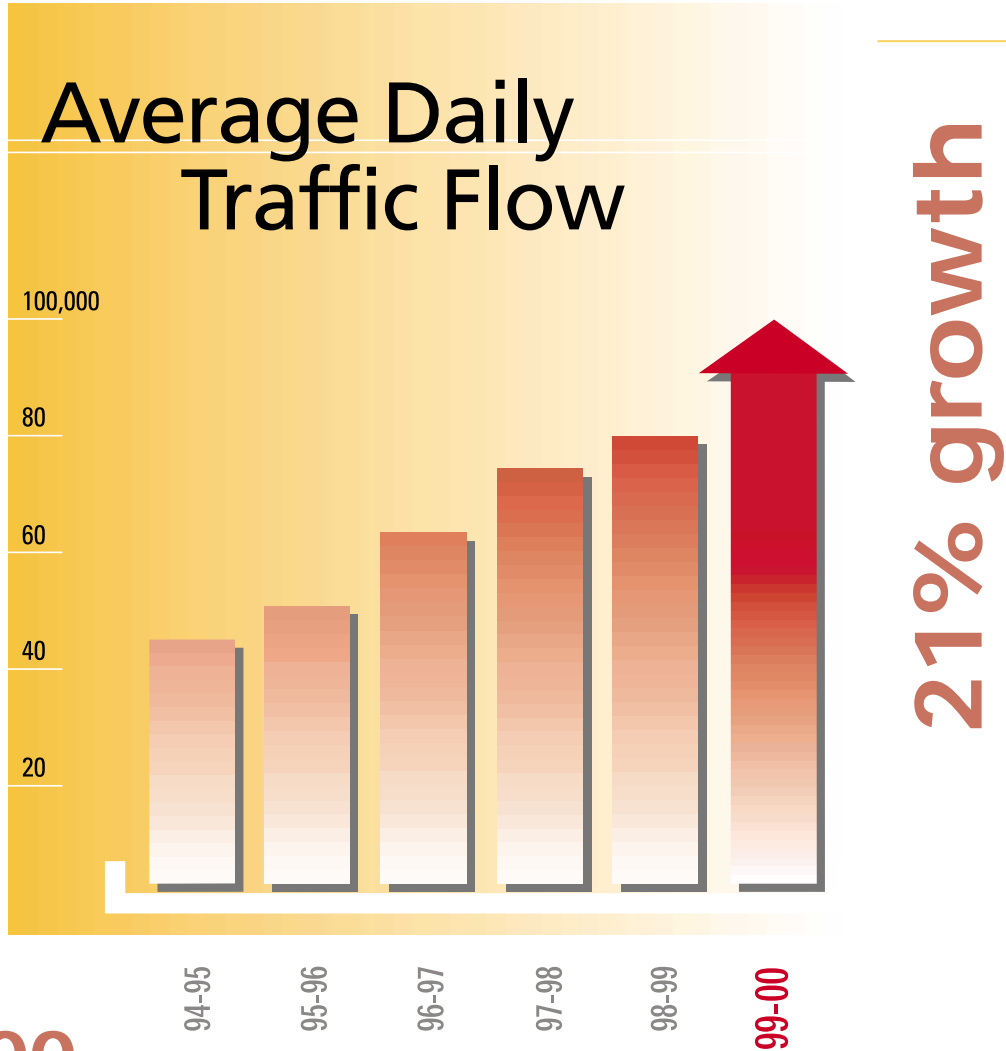
*Advanced traffic control network system*

repayment for nine consecutive quarters since July 1998 because of robust traffic growth and well-controlled capital and operating expenditures. Also, in spite of the termination of the business tax reimbursement on 1st January, 2000, the project met the US\$153 million



GSZ East

# Average Daily Traffic Flow



**95,400**  
vehicles daily

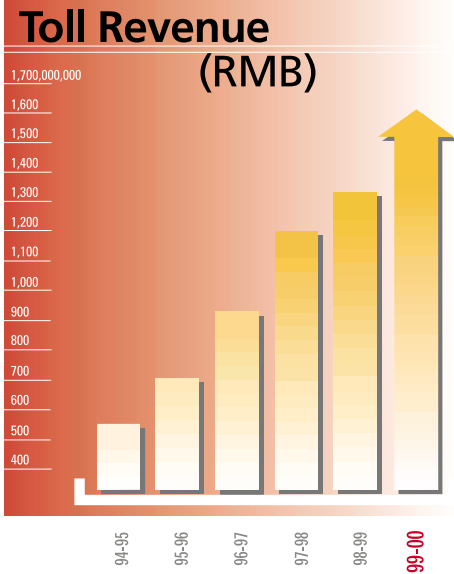
GSZ East

Project Summary	
Location	Guangzhou to Shenzhen, Guangdong, PRC
Length	122.8km
Lanes	Dual three-lane
Class	Superhighway
JV Operation Period	30 Years
Profit Sharing Ratio	Yr 1-10: 50% Yr 11-20: 48% Yr 21-30: 45%

scheduled debt services of the bank facilities and prepaid US\$6 million of the revolving facilities for the year.

Improvements in operations continue despite the strong revenue growth. During the year, a traffic efficiency programme was launched to handle the high traffic volume and the growing use of the highway. Moreover, toll plazas at some of the busier

**GSZ East**



**Shunde Roads**

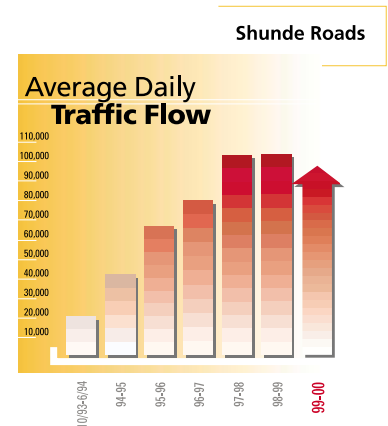
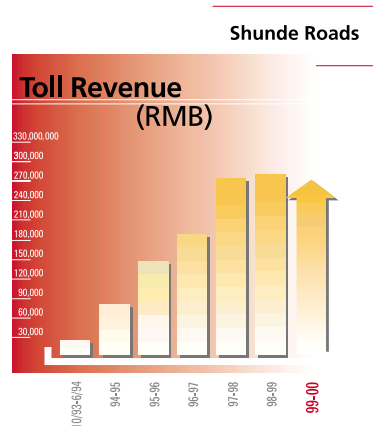
Project Summary	
Location	Shunde, Guangdong, PRC
Length	102.4km
Lanes	Dual three-lane
Class	Class 1 Highway
JV Operation Period	30 Years
Profit Sharing Ratio	50%

interchanges were expanded and the number of toll lanes were increased. Furthermore, additional closed circuit televisions were installed along the highway to increase the monitoring density of the traffic conditions and to respond quickly to the changing road conditions. Also, the Company worked closely with the Traffic Polices to provide effective emergency and rescue services. In addition, a professional company was employed to perform key repair and improvement works to ensure road safety and maintain a high level of service. Finally, the existing magnetic-card based toll collection system will be upgraded in the coming year to incorporate an integrated circuit card (IC Card) as another payment method to enhance the efficiency and security of toll collections.

**95,303**  
vehicles daily

**Shunde Roads**

The Shunde Roads is comprised of four roads interconnected with eight bridges. The roads, which form a road network in the Shunde Municipality,



provide a vital connection to the neighbouring municipalities. The daily average traffic flow for the year was 95,303 vehicles, a drop of 11% over the corresponding year. Concurrently, toll revenue decreased by 3%. The decrease in traffic reflected local competition from the Shunde 105 Road while the drop in toll income was a result of the balancing effect of

Infrastructure



The grand construction work of Ya Ji Sha Bridge



toll adjustment in May 1999. The termination of the business tax reimbursement scheme at 1st January, 2000 also contributed.

Several measures have been adopted to improve the service standard of the roads during the year. Traffic signs and boards were upgraded to distinguish the Shunde Roads, an expressway to the neighbouring municipalities from the Shunde 105 Road, a road which primarily serves the local counties within the municipality. In addition, the toll collection system was computerised to ensure security of toll collections.

With the intention to increase its shareholdings in the joint venture company, the PRC partner entered into a transfer agreement with the Group during the year to acquire the Group's 25% shareholdings. The agreement is subject to the approval of PRC authorities and is expected to be effective in the next fiscal year. After the transfer, the Group's shareholdings in the joint venture company will be reduced to 25% from 50%, but the Group's management control of the joint venture will not be affected.

Guangzhou East-South-West Ring Road (ESW Ring Road)

The ESW Ring Road, together with the Guangzhou North Ring Road, forms a complete ring of expressway surrounding the downtown of Guangzhou, helping relieve traffic congestions in Guangzhou. The

smart card toll collection system

ESW Ring Road

Project Summary	
Location	Guangzhou, Guangdong, PRC
Length	38km
Lane	Dual three-lane
Class	Superhighway
JV Operation Period	30 Years
Profit Sharing Ratio	Yr 1-10: 45.0%
	Yr 11-20: 37.5%
	Yr 21-30: 32.5%



*Ya Ji Sha Bridge is the main bridge of the ESW Ring Road*

ESW Ring Road was completed in two sections. The south-east section, which links the GSZ East and the Guangzhou North Ring Road, was completed and commenced operation in February 1999, four months ahead of schedule. The south-west section, which connects the Guangzhou North Ring Road, the Guang-Fo Expressway and the proposed GSZ West, was completed and started operation following the completion of the main bridge, Ya Ji Sha Bridge, in June 2000, a year ahead of schedule.

The average daily traffic of the ESW Ring Road increased from 31,000 vehicles in June 2000 to 38,500 vehicles in September 2000. This represents a rise of 24%.

Certain access roads connecting toll stations of the ESW Ring Road have yet to be completed, following the completion of the main alignment. As soon as these access roads are completed, the ESW Ring Road is expected to attract traffic from neighbouring trunk roads and municipalities.

The highway will be equipped with the IC Card toll collection system and a traffic surveillance system connected via an optical fibre transmission network. Installation of these systems has been carried out and is expected to be completed in the coming year.

**Shunde 105 Road**

Project Summary	
Location	Shunde, Guangdong, PRC
Length	40km
Lane	Dual three-lane
Class	Class 1 Highway
JV Operation Period	26 Years
Profit Sharing Ratio	30%



**Infrastructure**

**Shunde 105 Road**

The project is a major trunk road in the Shunde Municipality. It includes widening and upgrading a 40km section of the National Route 105 Highway. Construction of 32km out of the 40km main alignment was basically completed in April 1999 whereas the widening works of the two main bridges, Sanhongqi Bridge and Rongqi Bridge, were completed and in operation in July and October 2000 respectively. The



Toll station at Shunde 105 Road

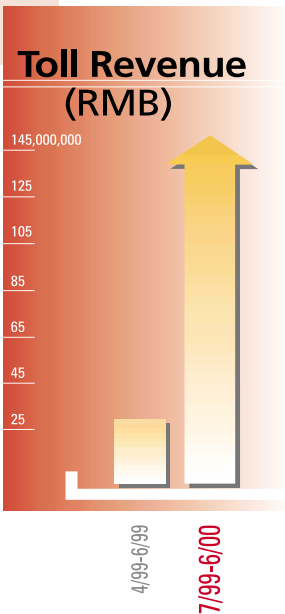


Green environment along the Shunde 105 Road

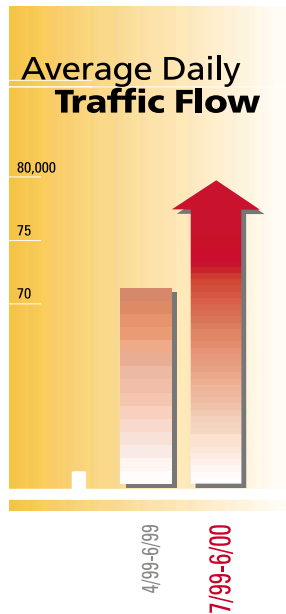
construction of the remaining 8km section is under arrangement.

The average daily traffic flow for the year was 79,527 vehicles, an increase of 23% over the previous year with the last quarter reaching 88,900 vehicles; the average daily toll income increased sharply by 42%. Traffic flow and toll income are expected to grow as traffic congestion at the two ends of the bridges has been relieved with the completion of the widening works of the two main bridges.

**Shunde 105 Road**



**Shunde 105 Road**



The computerized toll collection and traffic surveillance systems have been in operation since the first quarter of 2000. Though the project serves mainly local traffic, traffic from the Shunde Roads has been diverted to the Shunde 105 Road.

### Guangzhou-Zhuhai Superhighway (GSZ West)

GSZ West starts from the Hainan interchange of the ESW Ring Road, passing through three municipalities, Guangzhou, Nanhai and Shunde, and then connecting with the National Route 105 Highway in the Zhongshan Municipality running to the Zhuhai Municipality. The project, in conjunction with the

been discussing the joint venture terms with the PRC partner. Construction works of Phase I is expected to commence as soon as discussions are finalised.

Phase II and III are still under planning and their developments will be subject to the economic development of the relevant regions.

### Luo Xi Second Bridge project

The project will be developed in the Guangzhou Municipality of Guangdong Province. It includes the construction of a new Luo Xi Second Bridge and approach roads in the vicinity of the existing Luo Xi Bridge.



*Sanhongqi station is a prime toll station at Shunde 105*

ESW Ring Road and the Shunde Roads, will form an integrated highway network on the western corridor of the Pearl River Delta region.

The project will be implemented in three phases. The preliminary feasibility study of Phase I was approved in June 2000. Since then, the Group has

The preliminary agreement was signed in August 1999 and submitted to the relevant authorities for approval. Project approval has yet to be obtained.

### Boca Tigris Bridge

The Group's 10% interest in the Boca Tigris Bridge was disposed of in July 1999 to enable the Group to utilize its resources more effectively.

Property:

# BUILDING



# INGS



The property sector in Hong Kong is recovering following the turnaround of Hong Kong's economy. The Group expects to benefit from this improvement.

# Committed occupancy rate of Hopewell Centre reached 94%

## Property

### Hong Kong

The Group owns properties of more than 3,140,000 square feet of gross floor area in Hong Kong, mostly for commercial use. In addition, the Group has over 80,000 square feet of site area which are under planning for appropriate development.

residential premises,  
commercial centers and  
retail shops

With the positive growth of GDP and the recovering Hong Kong economy since the third quarter of 1999, the local property market has been showing signs of improvement. As such, the property sector has bottomed out with rents increasing and demand picking

up. Furthermore, supply of commercial space has decreased with approximately 6,000,000 square feet of usable floor area completed in Hong Kong in 1999, down 32% from the previous year.

However, some of the Group's leases were concluded during the Asian crisis, resulting in rental rates secured at a lower level than that of the current market. This caused a decrease in revenue for the year under review. In spite of this, occupancy improved and the Group's flagship office building, Hopewell Centre, has committed occupancy of 94%.

Concurrently, occupancy for the Hong Kong International Trade and Exhibition Center (HITEC) showed a slight increase for the year reaching 57%.



*Located at the business hub of Wanchai, Hopewell Centre remains a popular commercial venue for many tenants*

**Macau**

The property market in Macau was sluggish during the year. There was a 13% drop in the number of



*Nova Taipa Gardens is a large-scale residential project in Macau*

residential property transactions. The residential market has weakened since November 1999 resulting from the Macau Government's cancellation of the 4% home mortgage interest subsidy.

However, the new Government of the Special Administrative Region has been working to improve the economy since the handover in December 1999.

Despite these tough times, 101,329 square feet of residential units were sold from the Group's

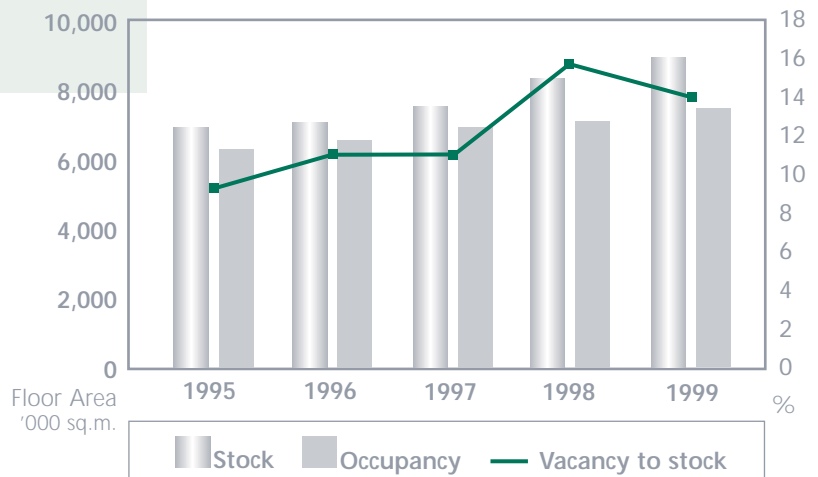
development in Nova Taipa Gardens in the review year. To improve sales, competitive prices are on offer to attract buyers.

**China**

The Group has an interest in the 3,121,000 square feet of land in Huanggang, Shenzhen, known as the Huanggang Service Area. The project is still at the planning stage and the Group is continuing its discussion with its PRC joint venture partners in amending the agreement.

The Group also has plans for the property developments underneath the elevated section of its GSZ East Superhighway and among various interchanges along the route from Shenzhen to Guangzhou. The plan is to develop residential premises, commercial centers and retail shops. These projects will be developed in the long term depending on market conditions.

Private Office - stock, occupancy and vacancy



Source: Hong Kong Property Review, Rating and Valuation Department



Construction:

ENGINEERING



The Group is dedicated to utilize its expertise in developing construction projects as well as providing management consultancy.

# FEERING



# The Group continues to seek new construction opportunities

## Construction and Engineering



*Construction of St. Teresa Hospital is in progress*

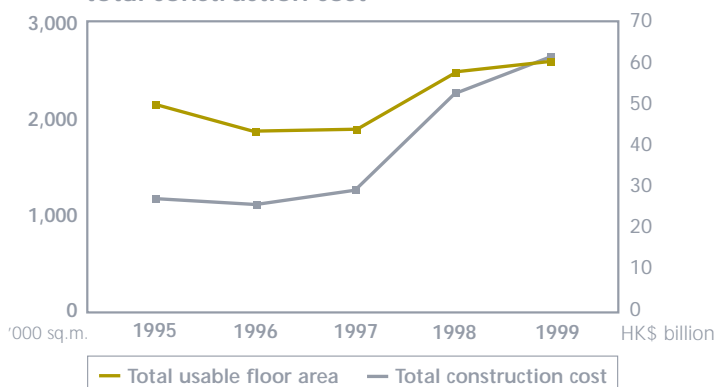


*School project in Fanling*

For the year, the Group continued with its construction projects, comprising of three government contracts and a private hospital contract, totaling HK\$950 million. Satisfactory progress has been made with these contracts. In addition, the government projects involving two schools were completed in July and August 2000, respectively. Meanwhile, the construction of the St. Teresa Hospital Extension is scheduled to be completed by early 2001.

With these projects nearing completion, the Group is continuing to seek new construction opportunities.

Private buildings newly completed and total construction cost



Source: Hong Kong in Figures, Census and Statistics Department

## Two projects were completed in 2000

Meanwhile, the Hungarian project management consultancy acquired by the Group last year has already seen the benefits of the Group's expertise. Book orders since the acquisition have increased with the current workload 90% above last year's and with a return to profitability.

### Bangkok Elevated Road and Train System, Thailand

Discussions with the Thai Government, which commenced early in the year, were concluded with the Government rejecting the compromise solutions put forward by Hopewell. The Government's separate feasibility study was behind schedule and post year-end has published its findings that recommend construction of an Elevated Mass Transit and State Railway System.



*School project at Siu Sai Wan*

Hopewell has recently given notice to the Thai Government that unless a settlement to the dispute is reached, then it will have no option but to consider necessary action against the Thai Government.

Hopewell continues to maintain its presence in Thailand in order to protect its investment.

### Tanjung Jati B Power Station

Negotiations with the Indonesian state-owned electricity company, PT. PLN (Persero), were held constantly. The aim is to reach a resolution that is mutually amicable to both parties. As both acknowledge the importance of the project and expressed supportive stance, fruitful result is anticipated.

Hospitality:

# SERVIC



# ES



Visitor arrivals in Hong Kong continue to bounce back against a background of economic recovery and optimistic consumer sentiment.

## Hospitality

# Panda Hotel has over 1,000 rooms, the largest number of rooms in Hong Kong

## Hospitality

## Hotel

The Group operates and owns hotels in Hong Kong and PRC, totalling nearly 2,000 rooms.

Continued recovery in Asia has helped improve visitor arrivals in Hong Kong. The number showed a significant increase in the first half of 2000, with almost 3 million passengers passing through the Hong Kong International Airport. This represents an increase of 15.7% arrivals compared to the same period last year. Over 70% of visitors to Hong Kong are from Asian countries with Mainland China forming the largest segment. As a result, Hong Kong's hotel room occupancy



*Panda Hotel attracts various international guests*

rate increased by 3% to 79% in 1999 compared with that in 1998. Thus an increasing demand for hotel rooms is anticipated in the coming year.

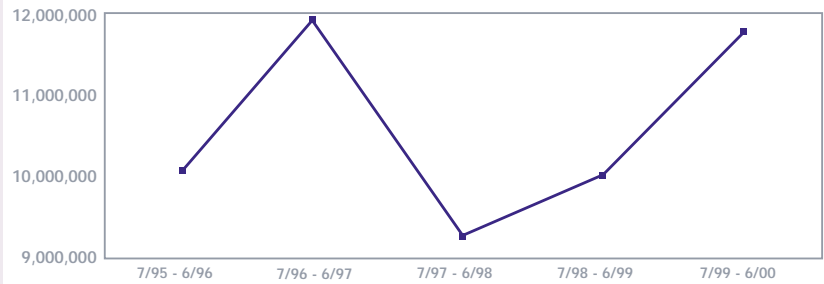


*Bayern Gourmet Food, a food supplier managed by the Group, offers a wide range of specialities*

Panda Hotel achieved an average occupancy rate of 67% for the year. With over 230,000 room nights occupied, Panda Hotel has outperformed most other hotels in town. Guests range from business travelers, tour group visitors, transit passengers and long staying guests. While room revenue was the main contributor to the profitability of the Panda Hotel, low performance in the catering outlets affected the overall profit. Panda Hotel will continue to actively promote its quality of service to attract more guests.

Meanwhile, the newly renovated China Hotel by Marriott in Guangzhou has achieved satisfactory performance, especially with the installation of the reservation system that links to

Visitor arrivals statistics



Source: Hong Kong Tourist Association

half a million worldwide terminals. With the expanding foreign investment in the mainland, and the development of the new Guangzhou International Airport, the hotel is expected to sustain its status as a five-star hotel in Guangzhou.

Finally, fitting-out work of the 10-storey Grand Hotel Excelsior in Malta is progressing. The Hotel is scheduled to be completed next year and the owner is exploring opportunities to maximize the benefit of the hotel to the Group.

### Food and beverage

The food and beverage department of the hospitality division has seen improvements in its business, in line with the recovery of the economy. However, the operations of the Hopewell City Restaurant ceased on 16th September, 2000. The existing premises was leased to another operator. The Group will continue to apply its resources to the running of its other food and catering businesses.

# Corporate Information

**Honorary Chairman** Dr. James Man Hon WU  
OBE, JP, LLD(Hon),  
Dr Eng(Hon), BSc(Eng)

**Board of Directors** Sir Gordon Ying Sheung WU\*  
KCMG  
*Chairman and Managing Director*  
Mr. Eddie Ping Chang HO\*  
*Deputy Managing Director*  
Mr. Henry Hin Moh LEE\*  
Mr. Robert Van Jin NIEN\*  
Mr. Guy Man Guy WU  
Lady Ivy Sau Ping KWOK WU  
Mr. Victor Tzar Kuoi LI  
Ms. Linda Lai Chuen LOKE  
Mr. Joachim BURGER\*  
Mr. Lawrence Sai Kit MIAO  
Mr. Colin Henry WEIR\*  
Mr. David Yau-gay LUI\*

\* *Executive directors*

**Company Secretary** Mr. Peter Yip Wah LEE

**Registered Office** 64th Floor, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Tel: 2528 4975  
Fax: 2865 6276  
2861 2068  
2529 8602

**Solicitors** Woo, Kwan, Lee & Lo  
26th Floor, Jardine House  
1 Connaught Place  
Hong Kong

**Auditors** Deloitte Touche Tohmatsu  
26th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

**Principal Bankers** Bank of China  
Citibank, N.A.  
The Dai-ichi Kangyo Bank,  
Limited  
The Hongkong and Shanghai  
Banking Corporation Limited  
Liu Chong Hing Bank Limited  
The Industrial and Commercial  
Bank of China  
Hang Seng Bank Limited  
The Bank of Tokyo-Mitsubishi,  
Limited  
The Sumitomo Bank, Limited  
The Fuji Bank, Limited  
The Sanwa Bank, Limited  
Bangkok Bank Public  
Company Limited

**Registrars and Transfer Office** Central Registration  
Hong Kong Limited  
Rooms 1712-1716  
Hopewell Centre  
183 Queen's Road East  
Hong Kong

**ADR Depository Bank** Citibank, N.A.  
Depository Receipts  
20th Floor, 111 Wall Street  
New York, NY 10043  
United States of America  
Toll free number: 1-877-248-4237

**Web Page** [www.hopewellholdings.com](http://www.hopewellholdings.com)

**Investor Relation** [ir@hopewellholdings.com](mailto:ir@hopewellholdings.com)

# Five Year Financial Summary

Year ended 30th June,

## CONSOLIDATED RESULTS

	1996 HK\$million	1997 HK\$million	1998 HK\$million	1999 HK\$million	2000 HK\$million
<b>Turnover</b>	<b>2,365</b>	<b>2,850</b>	<b>1,476</b>	<b>1,348</b>	<b>1,572</b>
Profit (loss) from ordinary activities before taxation	974	(1,088)	(2,839)	189	195
Taxation	81	(155)	(49)	(32)	(20)
Profit (loss) before minority interests	1,055	(1,243)	(2,888)	157	175
Minority interests	(300)	(394)	(1)	(3)	(6)
<b>Net profit (loss)</b>	<b>755</b>	<b>(1,637)</b>	<b>(2,889)</b>	<b>154</b>	<b>169</b>

As at 30th June,

## CONSOLIDATED ASSETS AND LIABILITIES

	1996 HK\$million	1997 HK\$million	1998 HK\$million	1999 HK\$million	2000 HK\$million
Investment properties	11,480	11,963	8,957	7,222	6,358
Property, plant and equipment	10,952	648	1,169	1,185	1,154
Properties for or under development	695	789	834	864	935
Interests in jointly controlled entities	23,678	16,820	16,632	16,194	15,680
Interests in associates	209	2,116	140	136	135
Other investments	3,505	676	75	52	43
Long-term loans receivable	367	512	443	313	336
Pledged bank deposits	153	154	92	110	101
Current assets	11,228	2,272	2,908	1,863	2,067
Current liabilities	(10,522)	(7,346)	(4,745)	(3,836)	(3,563)
Non-current liabilities	(22,244)	(6,605)	(10,507)	(9,652)	(9,593)
Minority interests	(6,018)	(2)	(1)	(5)	(10)
<b>Net assets</b>	<b>23,483</b>	<b>21,997</b>	<b>15,997</b>	<b>14,446</b>	<b>13,643</b>

Note: The consolidated results for the years ended 30th June, 1996, 1997 and 1998 and the consolidated assets as at those dates have been restated following the adoption of Statements of Standard Accounting Practice No. 1 (Revised) and No. 24 issued by the Hong Kong Society of Accountants as set out in note 2 to the financial statements on page 50 of the annual report.





The directors have pleasure in presenting their annual report on the affairs of the Company and the Group together with the audited financial statements for the year ended 30th June, 2000.

## Principal activities

The principal activity of the Company is investment holding and its subsidiaries are active in the field of property rental, agency and management, infrastructure projects, hotel operations and management, construction and engineering as well as treasury investments.

The Group's turnover by activities and their respective contribution to the Group's profit from operations are stated as follows:

	Turnover HK\$ million	Contribution HK\$ million
Investments in property rental, agency & management	361	223
Investments in infrastructure projects	444	412
Hotel operations & management	293	(15)
Construction & project management	406	(19)
Treasury investments & others	68	82
	1,572	683
Less: Unallocated corporate administrative expenses		(55)
Profit from operations		628

## Dividends

The directors recommended the payment of a final dividend of HK\$0.06 (1999:HK\$0.05) per share, which together with the interim dividend of HK\$0.05 (1999:HK\$0.05) per share paid on 15th May 2000, represents a total dividend distribution of HK\$96 million for the year ended 30th June, 2000 (1999:HK\$88 million). The dividend proposed has been incorporated in the financial statements.

## Review of Group results

Consolidated turnover of the Group increased by HK\$224 million or 16.6% to HK\$1,572 million in 1999/2000 when compared with last year. Revenue from infrastructure projects, hotel operations and management, construction and project management reported an increase of HK\$371 million during the year under review. However, revenue from property rental, agency and management declined by HK\$108 million.

For the year ended 30th June, 2000, the Group reported a net profit of HK\$169 million when compared with HK\$154 million in 1999. Profit from operations decreased by HK\$43 million to HK\$628 million. Share of results of jointly controlled entities and associates increased by HK\$82 million or 58% to HK\$223 million.

## Major projects and events

Details regarding major projects undertaken by the Group and events that have taken place during the year under review are incorporated under the section "Operation Review" as set out on pages 8 to 29.

## Liquidity and financial resources

The Group has adhered to prudent treasury policies in monitoring and managing its cash resources as well as banking facilities. With solid recurring cash flow from operations, and the additional working capital from bank facilities obtained during the year, the Group strengthened its liquidity and placed itself in a sound position to pursue its investment projects. Moreover, the Group strives to match the annuities of its assets against long term liabilities. As such, the Group refinanced a term loan expiring in two years to a new HK\$600 million term loan with five years' maturity. In addition, the Group is seeking to refinance the non-recourse GSZ East syndicated bank loan maturing in 2002, to a new term loan with a longer maturity.

The majority of the Group's borrowing has been used to make interest-bearing loans to co-operative joint ventures. The Group advanced \$10,233 million of loans to match against liabilities of \$8,468 million, which more than offsets the debt. At the same time, interest income on most of the advances are booked against interest expense on the liabilities.

During the year, the Group reduced \$519 million of its net debt. The Group's liquidity status is set out as follows:

	As at 30th June	
	2000 HK\$million	1999 HK\$million
Equity	13,643	14,446
Net corporate debt	2,697	2,226
Project debt		
• GSZ East Syndicated bank loans (Non recourse)	2,872	3,835
• GSZ East 2004 & 2007 Notes (Limited recourse)	4,628	4,655
Total net debt	10,197	10,716
Total capital	24,289	25,248

## Borrowings

Bank loans, overdrafts and other borrowings repayable within one year or on demand are classified in the financial statements as current liabilities. Particulars of long-term borrowings outstanding at the end of the year are set out in the notes to the financial statements. Interest capitalised by the Group during the year amounted to approximately HK\$111 million.

## Share capital

Particulars of share capital of the Company during the year are set out in note 24 to the financial statements.

## Reserves

Movements in reserves during the year are set out in note 25 to the financial statements.

## Donations

Donations made by the Group during the year for charitable and other purposes amounted to HK\$6,000.

## Fixed assets

Movements in investment properties and property, plant and equipment during the year are set out in notes 13 & 14 to the financial statements respectively.

Particulars regarding the major properties and property interests of the Group are shown on page 80.

## Major customers and suppliers

During the year, the turnover attributable to the Group's five largest customers combined was less than 30% of the Group's turnover. The five largest suppliers of the Group accounted for approximately 35% of the Group's total purchases and the largest supplier included therein accounted for 12% approximately.

None of the directors, their associates, or any shareholder of the Company, which to the knowledge of the directors of the Company owns more than 5% of the Company's issued share capital, had any beneficial interests in the Group's five largest customers and suppliers.

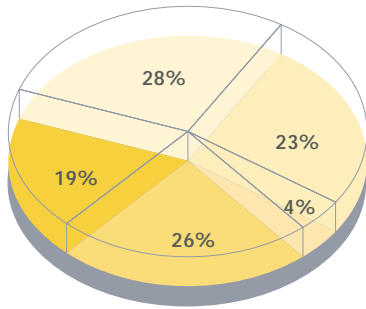
## Purchase, sale or redemption of shares

There was no purchase, sale or redemption by the Company or any of its subsidiaries of shares in the Company during the year.

## Subsidiaries

Particulars regarding the principal subsidiaries are set out in note 36 to the financial statements.

## Turnover by Activity

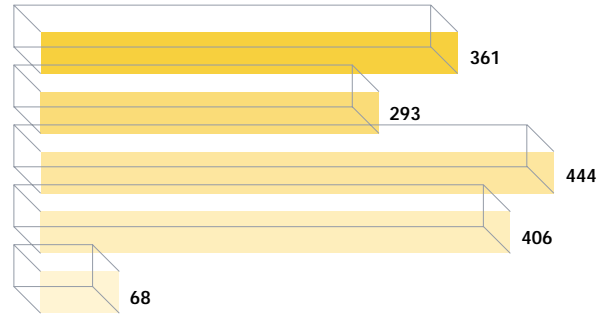


Total = HK\$1,572 million

- Investment in Infrastructure Projects
- Property Rental, Agency and Management
- Treasury Investment and Others
- Construction and Project Management
- Hotel Operations and Management

## Group Turnover

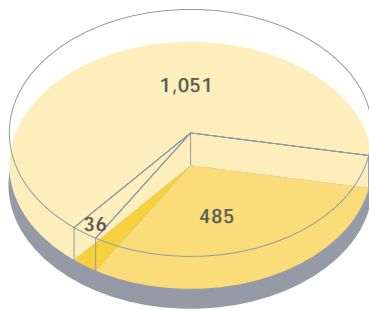
(HK\$ million)



- Property Rental, Agency and Management
- Investment in Infrastructure Projects
- Treasury Investment and Others
- Hotel Operations and Management
- Construction and Project Management

## Turnover by Country

(HK\$ million)

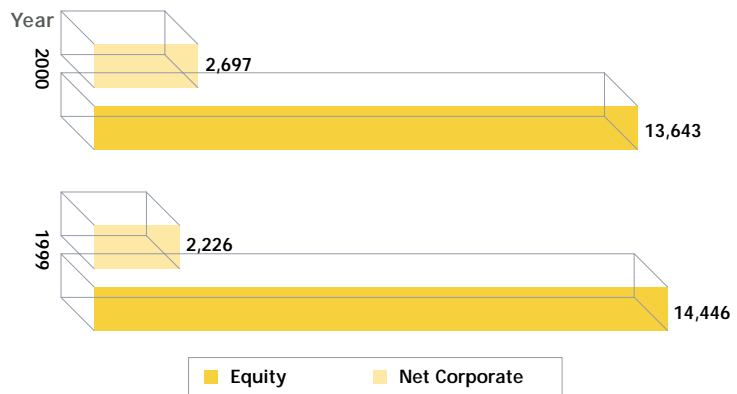


Total = HK\$1,572 million

- 67% Hong Kong
- 31% PRC
- 2% Others

## Net Corporate Debt Over Equity

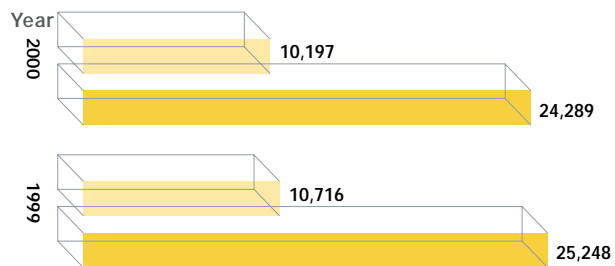
(HK\$ million)



- Equity
- Net Corporate

## Net Debt Over Total Capital

(HK\$ million)



- Total Capital
- Net Debt

## Directors

The Directors of the Company during the year are listed on page 30 of the annual report. In accordance with the Company's Articles of Association, Ms. Linda Lai Chuen Loke, Messrs. Lawrence Sai Kit Miao, Colin Henry Weir and David Yau-gay Lui will retire at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election.

## Profile of Directors and Senior Management

### Sir Gordon Ying Sheung WU\*

Aged 64, he is the Chairman and Managing Director of the Company. He graduated from Princeton University with a Bachelor of Science degree in Engineering. As one of the founders of the Group, he has been the Managing Director since 1972. He has been involved in the design and construction of numerous buildings and development projects in Hong Kong and the PRC. He is also responsible for the Group's infrastructure projects in the PRC and South-East Asia. He is very active in civic activities.

His civic duties include:

#### In Hong Kong

- Chairman Hong Kong Port and Maritime Board
- Member Commission on Strategic Development of the Hong Kong Special Administrative Region of the PRC
- Member Hong Kong Trade Development Council
- Chairman Hong Kong Polytechnic University Council
- Vice President Hong Kong Real Estate Developer's Association

#### In the PRC

- Member Chinese People's Political Consultative Conference
- Advisor Xiamen Special Economic Zone, Guangxi Zhuang Autonomous Region and Qinhuangdao

#### International

- Member Business Advisory Council to the International Finance Corporation of the World Bank Group
- Member APEC Business Advisory Council (ABAC)
- Fellow The Institution of Civil Engineers

Sir Gordon received Honorary Doctorate degrees from Hong Kong Polytechnic University, University of Strathclyde UK and University of Edinburgh UK.

His other awards include:

#### Honorary Citizen

- The City of New Orleans, USA
- The City of Guangzhou, PRC
- The City of Shunde, PRC
- The City of Nanhai, PRC
- The City of Shenzhen, PRC
- The City of Hua Du, PRC
- The Province of Quezon, the Philippines

#### Awards and Honours

- Chevalier De L'Ordre De La Couronne by the King of Belgium
- Business Man of The Year by the South China Morning Post and DHL
- Asia Corporate Leader by Asia Finance Magazine, HK
- Among the Best Entrepreneurs by Business Week
- Man of the Year by the International Road Federations, USA
- Industry All-Star by Independent Energy
- International CEO of the Year by George Washington University
- Knight Commander of the Order of St Michael and St George for Services to British Exports

### Mr. Eddie Ping Chang HO\*

Aged 68, he has been the Deputy Managing Director of the Company since it was listed on the Stock Exchange in 1972. He is the head of the Company's finance and administration functions. He has been involved in developing all of the Group's projects in the PRC, including highway, hotel projects, Shajiao B and Shajiao C Power Stations. In addition, he has extensive experience in building and development projects in Hong Kong. He is an Honorary Citizen of the cities of Shenzhen and Shunde in the PRC.

### Mr. Henry Hin Moh LEE\*

Aged 73, he has been involved with the Group since the Company was listed in 1972. He is responsible for real estate development and property rental and sales of the Group. He has been actively engaged in the property business in Hong Kong. He is an Honorary Citizen of the city of Shunde in the PRC.

**Mr. Robert Van Jin NIEN\***

Aged 53, he has been an Executive Director since 1980, and is responsible for corporate finance, corporate and public affairs of the Group. He has been involved in the Group's major fund raising activities on both project and corporate levels. He holds a Master of Business Administration degree from University of Pennsylvania's Wharton Graduate Business School.

**Mr. Guy Man Guy WU**

Aged 43, he joined the board in 1987. He has a Bachelor of Science degree in industrial engineering from Purdue University, U.S.A.. He is also the Managing Director of the Liverton Group.

**Lady Ivy Sau Ping KWOK WU**

Aged 51, she joined the board in 1991. She serves on the committees and boards of numerous commercial and social organizations including Asian Cultural Council (Hong Kong), Asia Society, Hong Kong Red Cross, Tsan Yuk Hospital and Yan Chai Hospital. She is the wife of Sir Gordon Ying Sheung Wu.

**Mr. Victor Tzar Kuoi LI**

Aged 36, he joined the board in 1991. He is the Managing Director and Deputy Chairman of Cheung Kong (Holdings) Limited and the Chairman of Cheung Kong Infrastructure Holdings Limited. He is also the Deputy Chairman of Hutchison Whampoa Limited and a Director of Hongkong Electric Holdings Limited and The Hongkong and Shanghai Banking Corporation Limited. He holds a Master degree from Stanford University. He is a Member of the Chinese People's Political Consultative Conference, the Commission on Strategic Development and the Business Advisory Group and a Council Member of the Hong Kong Institute for Infrastructure Development.

**Ms. Linda Lai Chuen LOKE**

Aged 62, she joined the board in 1991. Graduated from the University of California at Berkeley, she has over 30 years of professional experience in the securities and investment field. She is the Senior Vice President and emeritus Managing Director of Dean Witter Reynolds (Hong Kong) Limited.

**Mr. Joachim BURGER\***

Aged 57, he joined the Group in 1989 and is the Deputy Managing Director of Hopewell Hospitality Company Limited. He is in charge of the operation of two hotels with a total of 1,561 rooms and the catering services in Hong Kong. In the past 30 years, he has provided a high degree of expertise in numerous major hotel projects throughout the region. In recognition of his work as the first General Manager of the China Hotel in Guangzhou and the contribution made to the hotel industry in China, he was awarded the title of 'Honorary Citizen' by the city government of Guangzhou. He is also an active member of various hotel organizations in Hong Kong and Asia.

**Mr. Lawrence Sai Kit MIAO**

Aged 36, he joined the Group in 1992 and has been involved in financing activities as well as new project developments. Presently, he is the Managing Director of Olympus Capital Holdings Asia Limited, one of Asia's largest direct investment firms.

**Mr. Colin Henry WEIR\***

Aged 54, he joined the Group in 1985 and was appointed as Executive Director in 1997. He is also a Director of Hopewell (Thailand) Limited. He became a member of the Institution of Civil Engineers in 1975. He was the Engineering Manager for the design and construction of Shajiao B Power Station, followed by GSZ Superhighway, then Pagbilao Power Station. In 1991, he became the Engineering Manager and subsequently the Project Director for the BERTS project. He is now responsible for the Engineering and Construction Division of the Group.

**Mr. David Yau-gay LUI\***

Aged 55, he was appointed as Executive Director in 1997. He is also a Director of Hopewell (Thailand) Limited. He was the Founder Director of Pat Davie Ltd., one of the leading interior design and contracting firms in Hong Kong. Since 1990, he has been involved in Hopewell's BERTS project in Thailand.

Note: \* Executive Directors

## Senior Management

Various businesses of the Group are respectively under the direct responsibility of the Executive Directors of the Company named above and they are regarded as members of the Group's senior management.

## Directors' Interests in Contracts

- (i) Mr. Joachim Burger beneficially held 9.9% of the issued share capital of Mega Hotels Management Limited ("Mega Hotels"). Mega Hotels acts as the manager for the operations of Panda Hotel which is wholly owned by the Group and, in this connection, receives remuneration based on normal commercial terms.

- (ii) Mr. Victor Tzar Kuoi Li is a director of Cheung Kong Infrastructure Holdings Limited ("CKI Infrastructure"). As disclosed in note 16(c) to the financial statements, a subsidiary of the Company entered into agreements with a subsidiary of CKI Infrastructure for the development of the ESW Ring Road in Guangzhou, the PRC.

Save as aforementioned, no other contracts of significance to which the Company or any of its subsidiaries was a party or were parties and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## Directors' Interests in Shares

As at 30th June, 2000, the beneficial interests of the directors and their associates in the shares of the Company and its associated corporations (as defined by the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance")) were as follows:

### Beneficial Interests in Shares in the Company

Directors	Personal	Family	Corporate	Other	Total
Gordon Ying Sheung Wu	74,443,893	(i)113,730,592	123,187,019	30,670,093	(iii)250,204,287
Eddie Ping Chang Ho	17,340,000	246,000	1,980,000	-	19,566,000
Henry Hin Moh Lee	2,795,322	-	-	-	2,795,322
Robert Van Jin Nien	100,000	-	-	-	100,000
Guy Man Guy Wu	2,645,650	-	-	-	2,645,650
Ivy Sau Ping Kwok Wu	21,903,282	(ii)228,301,005	61,157,217	30,670,093	(iii)250,204,287
Linda Lai Chuen Loke	-	1,308,981	-	-	1,308,981
Joachim Burger	39,776	-	-	-	39,776
David Yau-gay Lui	8,537	6,200	-	-	14,737

Notes:

- (i) The family interests of 113,730,592 shares represent the interests of Lady Ivy Sau Ping Kwok Wu, the wife of Sir Gordon Ying Sheung Wu. This figure includes 61,157,217 shares held by the couple through corporations. Accordingly, 61,157,217 shares are duplicated in the corporate interests column. The figure of 113,730,592 shares also includes 30,670,093 shares which are held by the couple in joint name. Accordingly, 30,670,093 shares are duplicated in the other interests column.
- (ii) The family interests of 228,301,005 shares represent the interests of Sir Gordon Ying Sheung Wu, the husband of Lady Ivy Sau Ping Kwok Wu. This figure includes 61,157,217 shares held by the couple through corporations. Accordingly, 61,157,217 shares are duplicated in the corporate interests column. The figure of 228,301,005 shares also includes 30,670,093 shares which are held by the couple in joint name. Accordingly, 30,670,093 shares are duplicated in the other interests column.
- (iii) The disclosures of total interests of 250,204,287 shares made by Sir Gordon Ying Sheung Wu and Lady Ivy Sau Ping Kwok Wu are arrived at after eliminating the duplications referred to in (i) and (ii) respectively. Both disclosures relate to the same parcel of shares.

### Beneficial Interests in Shares in Associated Corporations

Directors	Name of Company	Personal	Family	Corporate	Total
Eddie Ping Chang Ho	HCNH Insurance Brokers Limited	-	-	(i)300,000	300,000
Joachim Burger	Mega Hotels Management Limited	297,000	-	-	297,000
Victor Tzar Kuoi Li	Guangzhou-Shenzhen Superhighway (Holdings) Ltd.	-	-	(ii)	(ii)

Notes:

- (i) Mr. Eddie Ping Chang Ho together with his associate beneficially owned 70% of the issued share capital of Hong Kong Insurance Agency Limited which in turn owned 300,000 ordinary shares of HCNH Insurance Brokers Limited, an associate of the Company, representing one-third of its issued share capital.
- (ii) The 10<sup>1</sup>/<sub>4</sub>% Notes due 2007 and 9<sup>7</sup>/<sub>8</sub>% Notes due 2004 for face amounts of US\$2,000,000 and US\$3,500,000 respectively issued by Guangzhou-Shenzhen Superhighway (Holdings) Ltd. were beneficially owned by a company in which Mr. Victor Tzar Kuoi Li was entitled to the exercise of 1/3 or more of the voting power at its general meeting.
- (iii) Certain directors held shares in certain subsidiaries as nominees for their holding companies.

## Arrangements to Acquire Shares or Debentures

Save as aforementioned, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

## Financial Assistance to Non-wholly Owned Subsidiary

On 27th October, 1999, the Company made an unsecured loan to Hopewell Food Industries Limited ("HFIL") for the amount of HK\$13,000,000 chargeable at Hong Kong prime rate. The outstanding principal amount of the loan together with accrued interest is repayable

on demand and in any event on 30th December, 1999. HFIL was an indirect non-wholly owned subsidiary of the Company. The purpose of the loan was to provide working capital to HFIL. A director of a subsidiary had an indirect 5% attributable interest in HFIL. HFIL has become a wholly owned subsidiary of the Company in December 1999.

## Retirement and Pension Plan

No formal retirement and pension plan for employees has been established by the Group. Retirement benefits are payable at the discretion of management based on the merit of individual employee. No retirement and pension charge was paid or is payable by the Group in respect of the year.

In order to comply with the statutory requirements of the Mandatory Provident Fund ("MPF") Scheme Ordinance, the Company is in process of setting up the MPF scheme and will start contribution with effect from 1st December, 2000.

## Service Contracts of Directors

No directors proposed for re-election at the forthcoming Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation).

All the independent non-executive directors of the Company are appointed for a fixed period or such other date as agreed between each individual director and the Company. However, they are subject to retirement by rotation at the annual general meetings of the Company in accordance with the Company's Articles of Association.

No contracts of significance concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

## Substantial Shareholders

Save as disclosed under the section headed "Directors' Interests in Shares", as at 30th June, 2000, the Company had not been notified by any person, not being a director of the Company, of interests in the share capital of the Company required to be recorded in the register under Section 16(1) of the SDI Ordinance.

## The Code of Best Practice

The Company has complied with The Code of Best Practice ("the Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") during the year under review.

## Practice Note 19 of the Listing Rules

The information required to be disclosed in accordance with Practice Note 19 of the Listing Rules is set out in page 40.

## Auditors

The financial statements for the year ended 30th June, 1997 were audited by Messrs. Kwan Wong Tan & Fong who merged with Messrs. Deloitte Touche Tohmatsu in April 1997. The financial statements for each of the three years ended 30th June, 2000 were audited by Messrs. Deloitte Touche Tohmatsu. A resolution to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board,

**Sir Gordon Ying Sheung Wu, KCMG**  
*Chairman and Managing Director*  
Hong Kong, 27th October, 2000



## Practice Note 19 of the Listing Rules

The Company through its subsidiaries has entered into contractual joint venture agreements and has undertaken substantial investments for development of certain infrastructure and property projects. The capital investments and advances made to the joint venture companies and associates ("the Affiliated Companies") were classified and disclosed under the headings "Interests in Jointly Controlled Entities" and "Interests in Associates" in the consolidated balance sheet as at 30th June 2000.

A proforma combined balance sheet of the Affiliated Companies as at 30th June, 2000, is presented below:

As at 30th June, 2000		
	Combined total HK\$ million	
Property, plant and equipment	19,929	
Properties for/under development	827	
Current assets		
– Bank balances and cash	680	
– Completed properties for sale	319	
– Other current assets	115	
	1,114	
<b>Total assets</b>	<b>21,870*</b>	
	Combined total HK\$ million	Funds injected by the Group HK\$ million
Financed by:		
Registered capital/share capital	2,366	1,668#
Accumulated losses	(1,468)^	
	898	
Non-current liabilities		
– Advances from shareholders/joint venture partners	14,004	7,913#
– Advances from related companies	938	655
– Syndicated bank loans procured by a joint venture partner	1,781	1,781#
– Other long term loans	1,034	
	17,757	
Current liabilities		
– Accounts payable, deposits and accrued expenses	533	
– Bank loans	1,177	
– Current portion of non-current liabilities	1,505	1,091#
	3,215	
<b>Shareholders' funds &amp; total liabilities</b>	<b>21,870*</b>	<b>13,108</b>

\* With the exception of the investments in the two property-development joint ventures which are immaterial, all property, plant and equipment, including essential production facilities, will be reverted to PRC joint venture partners without compensation at the end of the joint venture co-operation period. Disclosure of the attributable interests of the Group in the assets and liabilities of the Affiliated Companies is deemed not appropriate.

^ Accumulated losses are mainly attributed to interest expenses incurred during the trial operation of the toll roads before commencement of the joint venture co-operation period.

# As at 30th June 2000, the Group had made capital contribution and advances of HK\$702 million and HK\$8,636 million respectively to the joint venture company, Guangzhou-Shenzhen-Zhuhai Superhighway Co. Ltd., which undertakes the GSZ East project. Such advances carry interest at LIBOR+1.5% per annum. A portion of the advances amounting to HK\$2,872 million was financed by syndicated bank loans on an on-lending basis which is secured by floating charges on the assets of the joint venture company with non recourse to the Company and is repayable in cash by quarterly instalments, the last of which will fall due in June 2002. The remaining portion is unsecured, without fixed repayment terms and is repayable out of the net cash surplus from operation of the joint venture company. The Company has undertaken on a joint and several basis to provide funds to the joint venture company to meet its operating expenses.

# Financial Report

H o p e w e l l  
H o l d i n g s L i m i t e d  
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## REPORT OF THE AUDITORS

### 德勤·關黃陳方會計師行

Certified Public Accountants  
26/F, Wing On Centre  
111 Connaught Road Central  
Hong Kong

香港中環干諾道中111號  
永安中心26樓

**Deloitte  
Touche  
Tohmatsu**

TO THE MEMBERS OF HOPEWELL HOLDINGS LIMITED  
(incorporated in Hong Kong with limited liability)

We have audited the financial statements on pages 43 to 79 which have been prepared in accordance with accounting principles generally accepted in Hong Kong.

### Respective Responsibilities of Directors and Auditors

The Companies Ordinance requires the directors to prepare financial statements which give a true and fair view. In preparing financial statements 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 statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, 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 financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30th June, 2000 and of the profit and cash flows of the Group for the year then ended and have been properly prepared in accordance with the Companies Ordinance.

**DELOITTE TOUCHE TOHMATSU**  
*Certified Public Accountants*  
Hong Kong, 27th October, 2000

## CONSOLIDATED INCOME STATEMENT

For the year ended 30th June, 2000

	Notes	2000 HK\$'000	1999 HK\$'000
Turnover	4	1,572,321	1,347,761
Cost of sales		(793,263)	(489,543)
		779,058	858,218
Other revenue	5	27,298	13,911
Selling and distribution costs		(28,655)	(23,342)
Administrative expenses		(118,008)	(128,383)
Other operating expenses		(31,676)	(28,273)
Impairment loss on investments		–	(20,800)
Profit from operations	6	628,017	671,331
Finance costs	7	(656,104)	(624,055)
Share of results of			
– jointly controlled entities		197,187	114,439
– associates		26,110	27,039
Profit from ordinary activities before taxation		195,210	188,754
Taxation	8	(20,185)	(31,504)
Profit before minority interests		175,025	157,250
Minority interests		(5,735)	(3,493)
Net profit for the year	9	169,290	153,757
Dividends	10	(96,358)	(87,598)
Profit for the year retained		72,932	66,159
		HK cents	HK cents
Earnings per share	11		
Basic		19.3	17.6

## CONSOLIDATED BALANCE SHEET

As at 30th June, 2000

	Notes	2000 HK\$'000	1999 HK\$'000
<b>Non-current Assets</b>			
Investment properties	13	6,357,500	7,221,500
Property, plant and equipment	14	1,154,246	1,184,527
Properties for or under development		934,854	863,527
Interests in jointly controlled entities	16	15,680,410	16,194,282
Interests in associates	17	135,341	136,387
Other investments	18	43,293	51,609
Long-term loans receivable	19	335,749	313,467
Pledged bank deposits		101,092	110,236
		24,742,485	26,075,535
<b>Current Assets</b>			
Inventories	20	12,155	19,216
Properties for sale		5,250	5,250
Trade and other receivables		264,653	384,862
Deposits and prepayments		188,460	153,161
Amounts due from customers for contract work	21	–	1,039
Current portion of long term loans receivable	22	1,147,530	1,213,001
Bank balances and cash		448,540	86,767
		2,066,588	1,863,296
<b>Current Liabilities</b>			
Trade and other payables		1,617,959	1,595,365
Rental and other deposits		80,195	80,837
Amounts due to customers for contract work	21	91,866	38,054
Provision for taxation		213,691	234,487
Proposed final dividend		52,559	43,799
Current portion of			
– Long-term borrowings	26	1,195,785	1,133,941
– Warranties	27	77,960	77,580
Bank loans and overdrafts	23	200,014	600,919
Other loans, unsecured		32,795	30,716
		3,562,824	3,835,698
<b>Net Current Liabilities</b>		(1,496,236)	(1,972,402)
		23,246,249	24,103,133

	Notes	2000 HK\$'000	1999 HK\$'000
<b>Capital and Reserves</b>			
Share capital	24	2,189,955	2,189,955
Reserves	25	11,452,680	12,255,768
		13,642,635	14,445,723
<b>Non-current Liabilities</b>			
Long-term borrowings	26	9,112,251	9,093,131
Warranties	27	397,939	474,379
Amounts due to associates	29	83,203	84,961
		9,593,393	9,652,471
<b>Minority Interests</b>		10,221	4,939
		23,246,249	24,103,133

Henry Hin Moh Lee  
Director

Robert Van Jin Nien  
Director

## COMPANY BALANCE SHEET

As at 30th June, 2000

	Notes	2000 HK\$'000	1999 HK\$'000
<b>Non-current Assets</b>			
Interests in subsidiaries	15	13,385,471	14,472,593
Interest in a jointly controlled entity	16	96,670	–
Interests in associates	17	10,207	9,335
Other investments	18	3,000	3,000
Long-term loans receivable	19	–	87,004
		13,495,348	14,571,932
<b>Current Assets</b>			
Trade and other receivables		8,730	8,370
Deposits and prepayments		1,560	1,557
Bank balances and cash		298,741	3,220
		309,031	13,147
<b>Current Liabilities</b>			
Trade and other payables		34,052	135,306
Provision for taxation		24,467	26,363
Proposed final dividend		52,559	43,799
Current portion of warranties	27	77,960	77,580
Bank loans and overdrafts	23	200,014	405,775
		389,052	688,823
<b>Net Current Liabilities</b>		(80,021)	(675,676)
		13,415,327	13,896,256
<b>Capital and Reserves</b>			
Share capital	24	2,189,955	2,189,955
Reserves	25	9,043,868	9,003,183
		11,233,823	11,193,138
<b>Non-current Liabilities</b>			
Warranties	27	233,880	310,320
Amounts due to subsidiaries	28	1,871,047	2,314,463
Amounts due to associates	29	76,577	78,335
		2,181,504	2,703,118
		13,415,327	13,896,256

Henry Hin Moh Lee  
Director

Robert Van Jin Nien  
Director

## CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 30th June, 2000

	2000 HK\$'000	1999 HK\$'000
Revaluation decrease on investment properties	(864,000)	(1,615,500)
Share of reserves of jointly controlled entities and associates		
– Exchange equalisation reserve	(12,936)	(11,805)
– Revaluation decrease on investment properties	–	(4,595)
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	1,813	(13)
Net losses not recognised in the consolidated income statement	(875,123)	(1,631,913)
Net profit for the year	169,290	153,757
Total recognised losses	(705,833)	(1,478,156)
Negative goodwill arising on acquisition	–	13,700
	(705,833)	(1,464,456)
Effect of changes in accounting policy on adoption of SSAP 1		
– Decrease in retained profits at 1st July, 1998		(14,791)



## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30th June, 2000

	Notes	2000 HK\$'000	1999 HK\$'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	30	350,611	246,388
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest paid		(713,647)	(727,106)
Dividends paid		(87,598)	(87,598)
Dividends received from associates		13,808	2,640
Dividends paid to minority shareholders		-	(300)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(787,437)	(812,364)
<b>TAXATION</b>			
Hong Kong Profits Tax paid		(4,791)	(15,945)
Overseas taxes paid		(13,138)	(1,547)
Hong Kong Profits Tax refunded		-	1,599
<b>NET TAXES PAID</b>		(17,929)	(15,893)
<b>INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(7,300)	(40,944)
Interests in associates		(861)	18,430
Interests in jointly controlled entities		767,146	913,751
Other investments		8,316	85,779
Payments of property development expenditures		(66,521)	(25,434)
Loans receivable		-	105,491
Repayments of amounts due to associates		(1,758)	(131,931)
Net proceeds on disposal of			
- interest in a jointly controlled entity		346,795	-
- property, plant and equipment		19,454	57,127
Decrease (increase) in bank deposits pledged		9,144	(16,764)
Long-term loans receivable		137,034	(18,768)
Acquisition of subsidiaries	31	-	808
<b>NET CASH INFLOW FROM INVESTING ACTIVITIES</b>		1,211,449	947,545
<b>NET CASH INFLOW BEFORE FINANCING ACTIVITIES CARRIED FORWARD</b>		756,694	365,676

	Note	2000 HK\$'000	1999 HK\$'000
<b>NET CASH INFLOW BEFORE FINANCING ACTIVITIES BROUGHT FORWARD</b>		756,694	365,676
<b>FINANCING ACTIVITIES</b>	32		
New bank and other loans		2,133,129	342,791
Repayment of bank and other loans		(2,069,423)	(1,121,340)
Repurchase of notes		(33,446)	-
Warranties paid		(77,960)	(91,426)
<b>NET CASH OUTFLOW FROM FINANCING ACTIVITIES</b>		(47,700)	(869,975)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		708,994	(504,299)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		(289,152)	210,759
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		28,684	4,388
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		448,526	(289,152)
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>			
Bank balances and cash		448,540	86,767
Bank loans and overdrafts		(200,014)	(600,919)
		248,526	(514,152)
Bank loans not within 3 months of maturity		200,000	225,000
		448,526	(289,152)

## NOTES TO FINANCIAL STATEMENTS

For the year ended 30th June, 2000

### 1. General

The Company is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited.

The principal activities of the Group are property development and investment, hotel operations and management, investments in infrastructure projects, civil and building constructions and project management, real estate agency and management and treasury investments.

### 2. Adoption of Statements of Standard Accounting Practice

In the current year, the Group has adopted, for the first time, the following Statements of Standard Accounting Practice ("SSAP(s)") issued by the Hong Kong Society of Accountants:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 2 (Revised)	Net profit or loss for the period, fundamental errors and changes in accounting policies
SSAP 10 (Revised)	Accounting for investments in associates
SSAP 24	Accounting for investments in securities

SSAPs 1 and 2 (Revised) are concerned with the presentation and disclosure of financial information. The presentation in the current year's financial statements has been modified in order to conform with the requirements of these SSAPs. Comparative amounts have been restated in order to achieve a consistent presentation.

In particular:

- additional analyses of income and expenditure have been presented;
- items of expense that were separately identified on the face of the income statement as 'exceptional items' in the prior year have been reclassified within an appropriate cost classification;
- amounts owing to subsidiaries and associates which had previously been presented together with the investments in such enterprises have been reclassified as non-current liabilities according to the nature of the transactions giving rise to the balances; and
- certain current assets/liabilities have been reclassified as non-current assets/liabilities in accordance with the definitions of SSAP 1.

In addition, the description of various components in the financial statements and the terminology used have been updated to reflect the terminology of the new Standards.

In prior years, pre-operating expenses were capitalised and amortised, on a straight-line basis, over a period of five years from the date of commencement of commercial operation. The adoption of the revised SSAP 1 has led to a reassessment of this accounting policy. Pre-operating expenses that are not considered to give rise to an identifiable resource from which economic benefits are expected to flow to the Group are now recognised as an expense in the period in which they are incurred.

This change in accounting policy has been applied retrospectively - resulting in a decrease in the Group's net assets and retained profits at 1st July, 1998 by HK\$14,791,000; and an increase in the Group's net profit for the years ended 30th June, 2000 and 1999 by HK\$4,718,000 and HK\$11,967,000 respectively. Comparative information has been restated to reflect this change in accounting policy.

The revision of SSAP 10 has not resulted in any significant changes to the accounting treatment adopted for associates and accordingly no prior period adjustment has been required. Disclosures presented have been modified to meet the requirements of the new Standard.

SSAP 24 has introduced a new framework for the classification of investments in securities. In adopting SSAP 24, the Group has selected the benchmark treatment for securities.

Under SSAP 24, investments in securities are now classified as investment securities (carried at cost less impairment) and other investments (carried at fair value, with valuation movements dealt with in the income statement). In prior years, the Group's investments were classified either as long-term (carried at cost less provision for permanent diminution in value) or short-term (carried at the lower of cost and market value).

The adoption of SSAP 24 does not have a significant effect on the results for the current or prior years.

### 3. Principal Accounting Policies

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and investments in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 30th June each year.

The results of the subsidiaries, jointly controlled entities and associates acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

#### Goodwill

Goodwill represents the excess of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary and is written off to reserves immediately on acquisition. Negative goodwill, which represents the excess of the fair value ascribed to the Group's share of the separable net assets at the date of acquisition of a subsidiary over the purchase consideration, is credited to reserves.

Any premium or discount arising on the acquisition of an interest in an associate, representing the excess or shortfall respectively of the purchase consideration over the fair value ascribed to the Group's share of the separable net assets of the associate at the date of acquisition, is dealt with in the same manner as that described above for goodwill.

On disposal of investments in subsidiaries and associates, the attributable amount of goodwill/premium or discount previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal of the subsidiary or associate.

#### Subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost less provision, if necessary, for impairment in value that is other than temporary. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable during the year.

#### Jointly controlled entities

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control. Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The consolidated income statement includes the Group's share of the post-acquisition results of its jointly controlled entities for the year. In the consolidated balance sheet, investments in jointly controlled entities are stated at cost less amortisation and provision, if necessary, for impairment in value that is other than temporary, plus the Group's attributable share of the undistributed post-acquisition reserves of the jointly controlled entities. The costs of investments in jointly controlled entities comprise capital contributed, development expenditure incurred by the Group, financial expenses capitalised less interest income on advances to jointly controlled entities deferred to the extent of the Group's interest therein.

The costs of investments, to the extent not borne by the jointly controlled entities, are amortised on the same basis as that adopted by the relevant jointly controlled entity in respect of depreciation of its project cost, over the joint venture period commencing from the date of operation of the project undertaken.

When the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred.

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 3. Principal Accounting Policies (continued)

#### Associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of its associates calculated based on their financial statements made up to a date not more than six months before the balance sheet date. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

The results of associates are accounted for by the Company on the basis of dividends received and receivable during the year. In the Company's balance sheet, investments in associates are stated at cost less provision, if necessary, for impairment in value that is other than temporary.

#### Other investments

Development expenditure incurred under the terms of a concession agreement for the investment in a superstructure project during development stage is carried in the consolidated balance sheet at cost less provision, if necessary, for impairment in value that is other than temporary. Development expenditure includes construction costs, other incidental costs and attributable borrowing costs.

Investment securities, which are securities held for an identified long term purpose, are initially measured at cost. Investment securities are measured at subsequent reporting dates at cost less provision, if necessary, for impairment in value that is other than temporary. Income from such investments is accounted for only to the extent of dividends recognised during the year.

#### Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any revaluation increase or decrease arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance on this reserve is insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve is charged to the income statement. Where a decrease has previously been charged to the income statement and a revaluation increase subsequently arises, this increase is credited to the income statement to the extent of the decrease previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

#### Property, plant and equipment

Property, plant and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the assets. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

It is the Group's practice to maintain its hotel property in a continual state of sound repairs and maintenance and to make improvements from time to time and accordingly, the directors consider that depreciation is not necessary as the property maintains a residual value at least equal to its carrying value. Repairs and maintenance expenditure is charged to the income statement when incurred.

### 3. Principal Accounting Policies (continued)

Depreciation is provided to write off the cost of other property, plant and equipment in use over their estimated useful lives from the date they become fully operational and after taking into account their estimated residual value, using the straight line method, at the following rates per annum:

<i>Category of assets</i>	<i>Estimated useful lives</i>
Leasehold land	Over the term of the lease
Buildings	50 years or the remaining term of the land lease, whichever is shorter
Other assets	5 to 10 years

#### **Development properties**

Properties held for or under development are stated at cost less any impairment losses. The cost of such properties comprises land cost, development expenditure, other attributable expenses and, where appropriate, borrowing costs capitalised.

#### **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, costs of conversion and other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### **Properties for sale**

Properties for sale are stated at the lower of cost, comprising land and development cost, and net realisable value. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

#### **Construction contracts**

When the outcome of a construction contract can be estimated reliably, contract costs are charged to the income statement by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that costs incurred to date bear to estimated total costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract cost will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When a contract covers a number of assets, the construction of each asset is treated as a separate contract when separate proposals have been submitted for each asset, each asset has been separately negotiated and the costs and revenues of each asset can be separately identified. A group of contracts, performed concurrently or in a continuous sequence, is treated as a single construction contract when they were negotiated as a single package and are so closely inter-related that they constitute a single project with an overall profit margin.

#### **Operating leases**

Operating leases are leases whereby substantially all the risks and rewards of ownership of the assets remain with the lessors. Rentals receivable under operating leases are credited to the income statement on a straight line basis over the terms of the respective leases.

#### **Foreign currencies**

Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated into Hong Kong dollars at the rates of exchange ruling on the balance sheet date. Transactions in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates of exchange ruling on the transaction dates. Exchange differences arising from foreign currency borrowings for the purpose of financing qualifying assets under development prior to completion, to the extent that they are regarded as adjustments to interest cost, are capitalised in accordance with the Group's accounting policy and form part of the cost of such assets. Other exchange differences are dealt with in the income statement.

On consolidation, the financial statements of subsidiaries, jointly controlled entities and associates established outside Hong Kong, which are expressed in currencies other than Hong Kong dollars, are translated into Hong Kong dollars at the rates of exchange ruling on the balance sheet date. Exchange differences arising therefrom are dealt with in exchange equalisation reserve.

#### **Taxation**

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed using the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 3. Principal Accounting Policies (continued)

#### Note issue expenses

Note issue expenses represent the discount on issue of notes and expenses incurred directly in connection with the issue. Such expenses are deferred and amortised over the period of the notes so as to produce a constant periodic rate of charge on the carrying amount of the notes.

#### Capitalisation of borrowing costs

Borrowing costs, including project financing costs, directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

Project financing costs, which represent all origination costs, including arrangement fees, legal fees and other related costs, directly associated with the arrangement of loans intended to finance the development and construction of a viable project, are deferred and amortised over the terms of the loans.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### Cash equivalents

Cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advance.

#### Revenue recognition

##### *Lease of properties*

Rental income in respect of properties under operating leases is recognised on a straight line basis over the respective lease term.

##### *Hotel operations and management*

Revenue from hotel operations and related services is recognised when the relevant services are provided.

##### *Construction and project management*

When the outcome of a construction contract can be estimated reliably, revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion that costs incurred to date bear to estimated total costs for each contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract can be estimated reliably, revenue from cost-plus contracts is recognised by reference to the recoverable costs incurred during the period plus the fees earned, measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Income from project management is recognised when the relevant services are provided and the right to receive payment is established.

##### *Real estate agency and management*

Revenue from the provision of real estate agency and management services is recognised when the relevant services are provided.

##### *Interest income*

Interest income from bank deposits and loans receivable is recognised on a time basis by reference to the principal outstanding and at the interest rate applicable.

##### *Investments*

Revenue from sale of investments is recognised when the relevant sale contract becomes unconditional.

#### 4. Turnover

	The Group	
	2000 HK\$'000	1999 HK\$'000
The Group's turnover comprises revenue from:		
Lease of properties	352,519	461,166
Hotel operations and management	292,948	221,021
Investment in infrastructure projects – interest from jointly controlled entities	444,031	406,863
Construction and project management	406,424	143,532
Real estate agency and management	8,268	7,611
Treasury operations – interest income	62,692	104,433
Others	5,439	3,135
	<b>1,572,321</b>	<b>1,347,761</b>

#### 5. Other Revenue

	The Group	
	2000 HK\$'000	1999 HK\$'000
Included in other revenue are the following:		
Gain on repurchase and cancellation of notes (note 26)	15,335	–
Gain on disposal of property, plant and equipment	–	9,454

#### 6. Profit From Operations

	The Group	
	2000 HK\$'000	1999 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Auditors' remuneration	4,193	3,974
Depreciation of property, plant and equipment	17,084	22,090
Amortisation of cost of investments in jointly controlled entities	31,676	28,273
Provision for doubtful trade receivables	15,281	7,630
Staff costs including directors' emoluments shown in note 12	237,828	222,154
Exchange (gains) losses	(1,557)	6,377
Rental income in respect of land and buildings under operating leases, less outgoings of HK\$114,697,000 (1999: HK\$105,342,000)	(237,822)	(355,824)



## NOTES TO FINANCIAL STATEMENTS

(continued)

### 7. Finance Costs

	The Group	
	2000 HK\$'000	1999 HK\$'000
Interest on:		
- Bank loans and overdrafts	467,634	538,807
- Notes		
- wholly payable within five years	153,358	-
- not wholly payable within five years	315,198	469,381
- Other loans wholly repayable within five years	22,363	7,438
- Warranties wholly payable within 5 years	34,657	19,482
Total interest	993,210	1,035,108
Less: Amount borne by a jointly controlled entity	(253,643)	(297,020)
Amounts capitalised on:		
- Infrastructure projects	(106,151)	(135,376)
- Properties under development	(4,806)	(3,739)
Notes issue expenses amortised	628,610	598,973
Other finance costs	17,148	17,221
	10,346	7,861
	656,104	624,055

### 8. Taxation

	The Group	
	2000 HK\$'000	1999 HK\$'000
The charge comprises:		
The Company and subsidiaries		
Hong Kong Profits Tax		
- Current year's provision	1,004	1,560
- Overprovision in prior years	(975)	(3,632)
Taxation elsewhere		
- Current year's provision	106	7,882
- Overprovision in prior years	(3,002)	-
	(2,867)	5,810
Jointly controlled entities		
Taxation elsewhere	14,225	15,865
Associates		
Hong Kong Profits Tax	922	1,077
Taxation elsewhere	7,905	8,752
	8,827	9,829
	20,185	31,504

Provision for Hong Kong Profits Tax is calculated at the rate of 16% (1999: 16%) on the estimated assessable profits for the year. Taxes on profits assessable elsewhere are calculated at rates prevailing in the countries in which the Group operates.

Deferred taxation has not been accounted for in the financial statements as there are no material timing differences.

Deferred tax has not been provided on the surplus or deficit arising on revaluation of investment properties as the profits or losses arising from disposal of these assets would not be subject to taxation. Accordingly, the valuation surplus does not constitute a timing difference for deferred tax purposes.

## 9. Net Profit For The Year

Of the Group's net profit for the year, a profit of HK\$137,043,000 (1999: HK\$232,302,000) has been dealt with in the financial statements of the Company.

## 10. Dividends

	The Group and the Company	
	2000 HK\$'000	1999 HK\$'000
Interim dividend at 5 cents (1999: 5 cents) per share paid	43,799	43,799
Final dividend at 6 cents (1999: 5 cents) per share proposed	52,559	43,799
	96,358	87,598

The final dividend of 6 cents (1999: 5 cents) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

## 11. Earnings Per Share

The calculation of the basic earnings per share is based on the net profit for the year of HK\$169,290,000 (1999: HK\$153,757,000) and on 875,982,121 (1999: 875,982,121) ordinary shares in issue during the year.

Diluted earnings per share is not shown for both years presented because the exercise price of the outstanding share options granted by the Company as referred to in note 24 was higher than the average market price for shares for the relevant periods.

## 12. Emoluments Of Directors And Highest Paid Employees

### (a) Directors' emoluments

	The Group	
	2000 HK\$'000	1999 HK\$'000
Directors' fees	400	400
Basic salaries, allowances and benefits-in-kind	9,917	9,638
	10,317	10,038

Emoluments of the directors were within the following bands:

HK\$	The Group	
	2000 Number of directors	1999 Number of directors
Nil – 1,000,000	6	7
1,000,001 – 1,500,000	2	2
1,500,001 – 2,000,000	2	3
2,000,001 – 2,500,000	1	1
2,500,001 – 3,000,000	1	0

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 12. Emoluments Of Directors And Highest Paid Employees (continued)

Other than fees of HK\$150,000 (1999: HK\$150,000) payable to the independent non-executive directors which have been included above, no remuneration was paid or is payable to such directors.

#### (b) Highest paid employees' emoluments

The five individuals in the Group with the highest emoluments included four (1999: four) directors of the Company whose emoluments are included above. The emoluments of the remaining individual in respect of the year amounted to approximately HK\$1,317,000 (1999: HK\$1,621,000), comprising basic salaries, allowances and benefits-in-kind.

### 13. Investment Properties

	The Group	
	2000 HK\$'000	1999 HK\$'000
Investment properties at valuation		
At beginning of the year	7,221,500	8,957,000
Revaluation decrease	(864,000)	(1,615,500)
Adjustment to construction cost	–	(120,000)
At end of the year	6,357,500	7,221,500

The net book value of the Group's investment properties comprises:

	The Group	
	2000 HK\$'000	1999 HK\$'000
Land and buildings in Hong Kong on		
Long leases	3,320,000	3,570,000
Medium-term leases	3,037,500	3,651,500
	6,357,500	7,221,500

The Group's investment properties were revalued at 30th June, 2000 on an open market value basis by FPD Savills (Hong Kong) Limited, an independent firm of professional property valuers. The decrease arising on revaluation has been debited to investment property revaluation reserve (note 25).

The investment properties of the Group with an aggregate carrying value of approximately HK\$4,466 million (1999: HK\$4,933 million) were rented out under operating leases at the balance sheet date.

## 14. Property, Plant And Equipment

	The Group				Total HK\$'000
	Land and buildings		Power plant (Note b) HK\$'000	Other assets HK\$'000	
	Hotel property HK\$'000	Other properties HK\$'000			
<b>COST</b>					
At 1st July, 1999	495,911	31,094	2,303,407	575,870	3,406,282
Exchange adjustments	-	-	-	(1,007)	(1,007)
Additions	-	-	-	7,300	7,300
Disposals/write-offs	-	-	-	(194,754)	(194,754)
At 30th June, 2000	495,911	31,094	2,303,407	387,409	3,217,821
<b>DEPRECIATION AND IMPAIRMENT</b>					
At 1st July, 1999	-	6,384	1,703,348	512,023	2,221,755
Exchange adjustments	-	-	-	(610)	(610)
Provided for the year	-	584	-	16,500	17,084
Eliminated on disposals/write-offs	-	-	-	(174,654)	(174,654)
At 30th June, 2000	-	6,968	1,703,348	353,259	2,063,575
<b>NET BOOK VALUES</b>					
At 30th June, 2000	495,911	24,126	600,059	34,150	1,154,246
At 30th June, 1999	495,911	24,710	600,059	63,847	1,184,527

Notes:

- (a) The land and buildings are situated in Hong Kong on medium-term leases.
- (b) The power plant, known as the Tanjung Jati B Power Station, is located in Central Java, Indonesia, the development of which has been temporarily suspended. The cost of the power plant includes the costs of land sites situated in Indonesia held on medium-term leases amounted to approximately HK\$146 million (1999: HK\$146 million). The titles of certain land sites for the plant have not yet been transferred to the Group.

## 15. Interests In Subsidiaries

	The Company	
	2000 HK\$'000	1999 HK\$'000
<b>Unlisted shares</b>		
At cost less provision	120,712	121,331
At directors' 1972 valuation less amounts written off	12,245	12,245
	132,957	133,576
<b>Amounts due from subsidiaries less provisions</b>	13,252,514	14,339,017
	13,385,471	14,472,593

Details of the principal subsidiaries are set out in note 36.

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 16. Interests In Jointly Controlled Entities

	The Group	
	2000 HK\$'000	1999 HK\$'000
<b>Road and property projects in the PRC</b>		
Unlisted investments, at cost	5,809,542	6,464,446
Loans to jointly controlled entities		
– advanced by the Group	7,361,363	6,216,236
– financed by syndicated bank loans	2,871,639	3,835,150
Share of post acquisition reserves	375,569	200,838
Less: Loan financed by syndicated bank loans due within one year included in current assets (note 22)	(1,091,440)	(930,960)
Accumulated amortisation	(87,069)	(55,393)
	15,239,604	15,730,317
<b>Property development project in Macau</b>		
Unlisted investments, at cost	4,850	4,850
Share of post acquisition reserves	(1,937)	5,414
Loan to a jointly controlled entity	477,596	473,035
Less: Portion due within one year included in current assets (note 22)	(39,703)	(19,334)
	440,806	463,965
	15,680,410	16,194,282

	The Company	
	2000 HK\$'000	1999 HK\$'000
<b>Loans to a jointly controlled entity</b>	96,670	–

Notes:

Details of the principal jointly controlled entities at the balance sheet date are as follows:

#### (a) Superhighway project in Guangdong Province

A subsidiary, Hopewell China Development (Superhighway) Limited, entered into a joint venture contract and supplemental agreements with The Guangdong Provincial Highway Construction Company for the construction, operation and management of a superhighway ("Superhighway") in Guangdong Province of the PRC in three phases to be undertaken by a co-operative joint venture company established in the PRC named Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GSZ Superhighway"). The terms of co-operation of each phase of the Superhighway shall be 30 years from the official opening date of each phase. At the end of the co-operation period, all the immovable assets and facilities of GSZ Superhighway relating to each phase will revert to the PRC partner without compensation.

##### Phase I

The design of the Superhighway structure was modified and consequently certain interchanges and sections of Phase I of the Superhighway were enlarged and elevated enabling the development of commercial centres and shop spaces along and underneath the superhighway and parcels of land within the interchanges. The Group is entitled to a share of 80% of the rentals and other income, after deduction of operating and financial expenses, arising from this development for a period of 30 years commencing on the date of completion of Phase I of the Superhighway.

## 16. Interests In Jointly Controlled Entities (continued)

In consideration for the additional investment made by the Group and pursuant to agreements entered into amongst the joint venture partners and GSZ Superhighway, GSZ Superhighway has agreed to recognise the additional development expenditure incurred by the Group to the extent of US\$289.4 million as advances to the joint venture company. In addition, the Group's profit entitlement of the toll operations of Phase I of the Superhighway was increased from 42.4% to 50% for the initial ten years of operation, from 32.8% to 48% for the next ten years of operation and from 32.8% to 45% for the last ten years of the joint venture period. Consent to the amendments to the joint venture contract to take account of the aforementioned modifications has been given by the Guangdong Province People's Government. The registration with the State Administration of Foreign Exchange of the advances to the joint venture company of US\$289.4 million is being arranged by the PRC joint venture partner. GSZ Superhighway has also been granted the rights to develop parcels of land within certain interchanges of Phase I of the Superhighway for sale or rental with certain land premium to be waived. Detail terms of such grant have yet to be finalised.

As at the balance sheet date, advances made by the Group to GSZ Superhighway amounted to an aggregate of approximately HK\$8,636 million (1999: HK\$8,859 million) of which approximately HK\$2,872 million (1999: HK\$3,835 million) was financed by syndicated bank borrowings on an on-lent basis and interest in respect thereof is borne by GSZ Superhighway. The registered capital contributed and advances, other than the advances financed by syndicated bank borrowings, made to GSZ Superhighway by the Group totalling approximately HK\$6,424 million (1999: HK\$5,684 million) carry interest at commercial lending interest rates. Phase I of the Superhighway was officially opened in July 1997.

Financial information regarding GSZ Superhighway is set out below:

Operating results	Year ended 30th June	
	2000 RMB\$'000	1999 RMB\$'000
Turnover	1,614,301	1,328,274
Depreciation	128,165	140,293
Profit from ordinary activities before taxation	381,575	189,533
Profit from ordinary activities before taxation attributable to the Group	190,788	94,767

Assets and liabilities	As at 30th June	
	2000 RMB\$'000	1999 RMB\$'000
Non-current assets		
- Toll roads and other assets	11,822,208	11,910,303
Non-current liabilities		
- Loans from joint venture partners and syndicated bank loans procured by a joint venture partner	(8,153,245)	(8,733,944)
- Registered capital contributed by a joint venture partner	(745,805)	(749,034)
- Other long-term liabilities	(1,206,093)	(999,605)
Current assets	128,922	130,422
Current liabilities	(2,013,442)	(2,107,172)

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 16. Interests In Jointly Controlled Entities (continued)

#### *Phases II and III*

The rights and interests in the development of Phases II and III of the Superhighway were transferred to another subsidiary, Hopewell Guangzhou-Zhuhai Superhighway Development Limited ("HGZ Superhighway"), free of any payment and the routing was amended and renamed as West-Route Project. The routing was diverted and shortened to approximately 58.2km running from Guangzhou through Shunde to Zhongshan with several interchanges built along this phase of the Superhighway. Initial approval of route diversion has been obtained from the Guangdong Province People's Government.

During the year, HGZ Superhighway entered into a joint venture contract with The Guangdong Provincial Highway Construction Company in relation to the revision of the terms of the West-Route Project. Under the joint venture contract, the West-Route Project will be developed in three phases through a jointly controlled entity to be established for this purpose. The co-operation period of Phase I of the West-Route Project will be 30 years from the date on which the business licence of the jointly controlled entity is granted. The co-operation period of Phases II and III of the project will be 30 years from the respective commencement dates of the construction works for these phases. During the co-operation period of Phase I, HGZ Superhighway is entitled to 50% of the operating surplus of the jointly controlled entity arising from this phase after repayment of its borrowings. At the end of the co-operation period, all the immovable assets of the jointly controlled entity and facilities of the project will revert to the PRC partner without compensation. Detailed terms for development of Phases II and III of the West Route Project are yet to be agreed by the parties concerned. The joint venture contract is subject to approval by the Guangdong Province People's Government.

#### **(b) Highway project in Shunde**

A subsidiary, Hopewell Shunde Roads Limited ("Hopewell Shunde"), entered into joint venture contracts with a PRC party for the construction and operation of a highway system in Shunde, the PRC, which are undertaken by a co-operative joint venture company established in the PRC named Shunde Municipal Shunhope Highway Construction Company Limited ("Shunde Shunhope"). The co-operation period is 33 years from 23rd August, 1993, comprising a construction period of 3 years and an operation period of 30 years. The Group is entitled to a share of 50% of the operating surplus of Shunde Shunhope after repayment of its borrowings and repatriation of registered capital. The highway was officially opened in August 1996.

During the year, Hopewell Shunde entered into a conditional agreement with the PRC joint venture partner for the disposal of a 25% interest in Shunde Shunhope at a consideration of approximately HK\$662 million, representing the amount of registered capital contributed and advances made by Hopewell Shunde together with interest thereon in respect of the Group's 25% interest to be disposed. The agreement for disposal is subject to approval of the relevant PRC authorities.

#### **(c) Ring Road project in Guangzhou**

A subsidiary, Hopewell Guangzhou Ring Road (Hong Kong) Limited, entered into a joint venture contract with a PRC party for the construction, operation and management of Guangzhou East South West Ring Road, which are undertaken by a co-operative joint venture company established in the PRC named Guangzhou E-S-W Ring Road Company Limited ("Guangzhou Ring Road"). The rights and obligations of Hopewell Guangzhou Ring Road (Hong Kong) Limited were subsequently transferred to its fellow subsidiary, Hopewell Guangzhou Ring Road Limited ("Hopewell Ring Road"). Hopewell Ring Road entered into agreements with a subsidiary of Cheung Kong Infrastructure Holdings Limited, named CKI Guangzhou Ring Roads Limited ("CKI Ring Roads"), and the PRC party whereby the investment cost of Guangzhou East South West Ring Road was agreed at RMB4,500 million. Hopewell Ring Road and CKI Ring Roads have each agreed to contribute RMB2,000 million and the PRC party has agreed to contribute RMB500 million to finance the construction of the ring road. The co-operation period shall be 30 years commencing from January 2002.

The Group is entitled to 45% of the operating surplus of Guangzhou Ring Road for the initial ten years of the co-operation period and thereafter the Group's profit entitlement will be reduced to 37.5% for the subsequent ten years and 32.5% for the remaining ten years of the co-operation period.

## 16. Interests In Jointly Controlled Entities (continued)

### (d) National Trunk 105 project in Shunde

A subsidiary, Hopewell Shunde Highway 105 Limited, has entered into joint venture contracts with certain PRC parties for the widening and upgrading of the existing National Highway 105 in Shunde, the PRC, which is to be undertaken by a co-operative joint venture company established in the PRC named Shunde Municipality Shunda Highway Company Limited ("Shunde Shunda"). The co-operation period shall be 29 years from 31st December, 1997 comprising a construction period of 3 years and an operation period of 26 years. The Company is entitled to a share of 30% of the operating surplus of Shunde Shunda after repayment of its borrowings and repatriation of registered capital.

### (e) Property development project in Huanggang of Shenzhen

A subsidiary, Hopewell Huang Gang Development Limited, entered into a joint venture contract with certain PRC parties for the development of certain properties in Huanggang of Shenzhen, the PRC, which is undertaken by a co-operative joint venture company established in the PRC named Shenzhen Huanghe Real Estate Development Company Limited ("Shenzhen Huanghe"), for a co-operation period ending on 30th April, 2041. The Group is required to contribute 74% of the registered capital of the joint venture company and is entitled to a share of 40% of the operating surplus of Shenzhen Huanghe after repayment of its borrowings and repatriation of registered capital contributed. The development of the project is at preliminary stage.

### (f) Property development project in Macau

The unlisted investment represents the Group's 50% interest in Nova Taipa-Urbanizacoes Limitada ("Nova Taipa"), a limited company incorporated and operating in Macau which is engaging principally in property development. The advances made to Nova Taipa by the Group totalling approximately HK\$438 million (1999: HK\$454 million) carry interests at commercial lending rates.

## 17. Interests In Associates

	The Group	
	2000 HK\$'000	1999 HK\$'000
Share of net assets	134,657	127,891
Amounts due from associates	684	8,496
	135,341	136,387

	The Company	
	2000 HK\$'000	1999 HK\$'000
Unlisted shares and investments, at cost	12,957	4,286
Amounts due from associates less provisions	-	7,799
Less: Provision for impairment in value	(2,750)	(2,750)
	10,207	9,335

Details of the principal associates are set out in note 37.



## NOTES TO FINANCIAL STATEMENTS

(continued)

### 18. Other Investments

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
BERTS concession (Note)				
Development expenditure, at cost	5,313,000	5,313,000	-	-
Less: Provision for impairment in value	(5,313,000)	(5,313,000)	-	-
	-	-	-	-
Investment securities				
Unlisted equity investments, at cost	134,244	140,548	3,000	3,000
Amounts due from investee companies	-	2,012	-	-
Less: Provision for impairment in value	(90,951)	(90,951)	-	-
	43,293	51,609	3,000	3,000
	43,293	51,609	3,000	3,000

Note:

A subsidiary, Hopewell Thailand Limited ("HTL"), entered into a concession agreement with The Ministry of Transport and Communications of Thailand ("MOTC") and The State Railway of Thailand ("SRT") for the construction and operation of an elevated road and train system within the Bangkok Metropolitan area known as the Bangkok Elevated Road and Train System ("BERTS") and for the development of commercial and residential properties along the concession area. The Group has received notices of termination of the concession agreement from MOTC which has been disputed by HTL. Details of the disputes are set out in note 35(c).

### 19. Long-term Loans Receivable

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Long-term loans receivable	352,136	576,174	-	87,004
Less: Portion due within one year included in current assets (Note 22)	(16,387)	(262,707)	-	-
	335,749	313,467	-	87,004

Note:

The loans carry interest at commercial lending rates.

## 20. Inventories

	The Group	
	2000 HK\$'000	1999 HK\$'000
Construction materials	1,662	9,431
Hotel and restaurants inventories	10,493	9,785
	12,155	19,216

Included above are inventories of HK\$1,662,000 (1999: HK\$9,431,000) which are carried at net realisable value.

## 21. Amounts Due From (To) Customers For Contract Work

	The Group	
	2000 HK\$'000	1999 HK\$'000
Contract costs incurred	502,895	112,660
Recognised profits less losses	12,641	9,417
	515,536	122,077
Less: Progress billings received and receivable	(607,402)	(159,092)
	(91,866)	(37,015)
Represented by:		
Due from customers included in current assets	-	1,039
Due to customers included in current liabilities	(91,866)	(38,054)
	(91,866)	(37,015)

At 30th June, 2000, retentions held by customers and advances received from customers for contract work amounted to approximately HK\$27 million (1999: HK\$5 million) and HK\$9 million (1999: HK\$9 million) respectively.

## 22. Current Portion Of Long-term Loans Receivable

	The Group	
	2000 HK\$'000	1999 HK\$'000
Current portion of		
- Syndicated bank loans on-lent to a jointly controlled entity (note 16)	1,091,440	930,960
- Loan to a jointly controlled entity (note 16)	39,703	19,334
- Other long-term loans (note 19)	16,387	262,707
	1,147,530	1,213,001

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 23. Bank Loans And Overdrafts

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Secured	200,000	502,788	200,000	385,749
Unsecured	14	98,131	14	20,026
	200,014	600,919	200,014	405,775

### 24. Share Capital

	The Group and the Company		
	Number of ordinary shares of HK\$2.50 each '000	Number of ordinary shares of HK\$0.50 each '000	Nominal value HK\$'000
Authorised:			
At 1st July, 1998	–	6,000,000	3,000,000
Share consolidation	1,200,000	(6,000,000)	–
At 30th June, 1999 and 30th June, 2000	1,200,000	–	3,000,000
Issued and fully paid:			
At 1st July, 1998	–	4,379,911	2,189,955
Share consolidation	875,982	(4,379,911)	–
At 30th June, 1999 and 30th June, 2000	875,982	–	2,189,955

Pursuant to an ordinary resolution passed at the Extraordinary General Meeting of shareholders held in December, 1998, every five issued and unissued ordinary shares of HK\$0.50 each of the Company then existing were consolidated into one ordinary share of HK\$2.50 each with effect from 29th December, 1998.

Save as aforementioned, there were no changes in the share capital of the Company for the two years ended 30th June, 2000.

In 1995, in connection with the bank loan facilities obtained by the Group in that year, the Company granted options carrying an aggregate subscription price of HK\$1,500 million to the lenders to subscribe for new shares in the Company at a subscription price of HK\$41 per share (after adjusting for the share consolidation described above) exercisable during the period from 1st January, 1995 to 5th December, 1999. No options were exercised during the option exercisable period and all options had expired on 5th December, 1999.

## 25. Reserves

	The Group					Total HK\$'000
	Share premium HK\$'000	Investment property revaluation reserve HK\$'000	Capital reserve HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	
At 1st July, 1998						
- as originally stated	8,508,890	5,096,148	(1,506)	28,211	190,327	13,822,070
- prior period adjustment on change of accounting policy (note 2)	-	-	-	-	(14,791)	(14,791)
- as restated	8,508,890	5,096,148	(1,506)	28,211	175,536	13,807,279
Revaluation decrease	-	(1,615,500)	-	-	-	(1,615,500)
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	-	-	-	(13)	-	(13)
Share of reserves of jointly controlled entities and associates	-	(4,595)	-	(11,805)	-	(16,400)
Negative goodwill on consolidation	-	-	13,700	-	-	13,700
Reserve realised on disposal of subsidiaries	-	-	471	72	-	543
Profit for the year	-	-	-	-	153,757	153,757
Dividends	-	-	-	-	(87,598)	(87,598)
At 30th June, 1999	8,508,890	3,476,053	12,665	16,465	241,695	12,255,768
Revaluation decrease	-	(864,000)	-	-	-	(864,000)
Exchange differences on translation of financial statements of subsidiaries, jointly controlled entities and associates	-	-	-	1,813	-	1,813
Share of reserves of jointly controlled entities and associates	-	-	-	(12,936)	-	(12,936)
Reserve realised on disposal of subsidiaries	-	-	46	(943)	-	(897)
Profit for the year	-	-	-	-	169,290	169,290
Dividends	-	-	-	-	(96,358)	(96,358)
At 30th June, 2000	8,508,890	2,612,053	12,711	4,399	314,627	11,452,680

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 25. Reserves (continued)

	The Company					
	Share premium HK\$'000	Investment property revaluation reserve HK\$'000	Capital reserve HK\$'000	Exchange equalisation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st July, 1998	8,508,890	-	9,872	-	339,717	8,858,479
Profit for the year	-	-	-	-	232,302	232,302
Dividends	-	-	-	-	(87,598)	(87,598)
At 30th June, 1999	8,508,890	-	9,872	-	484,421	9,003,183
Profit for the year	-	-	-	-	137,043	137,043
Dividends	-	-	-	-	(96,358)	(96,358)
At 30th June, 2000	8,508,890	-	9,872	-	525,106	9,043,868
Included above is the Group's share of post-acquisition reserves of jointly controlled entities, as follows:						
At 30th June, 1999	-	-	-	6,491	185,360	191,851
At 30th June, 2000	-	-	-	(1,063)	368,322	367,259
Included above is the Group's share of post-acquisition reserves of associates, as follows:						
At 30th June, 1999	-	25,273	-	29,598	68,607	123,478
At 30th June, 2000	-	25,273	-	24,216	72,082	121,571

The Company's total distributable reserves as at 30th June, 2000 represent retained profits of HK\$525,106,000 (1999: HK\$484,421,000).

## 26. Long-term Borrowings

	The Group	
	2000 HK\$'000	1999 HK\$'000
Unsecured notes payable (Note a)	4,523,178	4,532,011
Secured bank loans repayable (Note b)		
within one year	1,195,785	1,133,941
between one and two years	2,020,389	1,376,128
between two and five years	2,522,005	2,987,168
after five years	–	197,824
	5,738,179	5,695,061
Other unsecured loan repayable		
between two and five years	46,679	–
	10,308,036	10,227,072
Less: Portion due within one year included in current liabilities		
Syndicated bank loans on-lent to a jointly controlled entity	(1,091,440)	(930,960)
Other bank loans	(104,345)	(202,981)
	(1,195,785)	(1,133,941)
	9,112,251	9,093,131

Notes:

(a) The balance represents:

	The Group	
	2000 HK\$'000	1999 HK\$'000
Principal amount of the notes payable		
between two and five years	1,559,200	–
after five years	3,068,506	4,654,800
	4,627,706	4,654,800
Less: Unamortised note issue expenses	(104,528)	(122,789)
	4,523,178	4,532,011

The unsecured notes were issued by a subsidiary, Guangzhou-Shenzhen Superhighway (Holdings) Ltd., at a consideration comprising 99.622% of an aggregate principal of US\$200 million ("2004 Notes") and 99.349% of an aggregate principal of US\$400 million ("2007 Notes"). The 2004 Notes and 2007 Notes carry interest at 9.875% per annum and 10.25% per annum respectively which are payable semi-annually in arrears on 15th February and 15th August of each year. The notes are subordinated to the syndicated bank loans granted to the Group.

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 26. Long-term Borrowings (continued)

The 2004 Notes and 2007 Notes will mature on 15th August, 2004 and 15th August, 2007 respectively at 100% of their principal amount, unless redeemed earlier pursuant to the terms of the relevant notes. The 2004 Notes shall be redeemed on their maturity date. The 2007 Notes are redeemable at the option of the issuer at any time on or after 15th August, 2002, in whole or in part, at the following redemption prices plus accrued interest:

Year	Redemption price
2002	105.1250%
2003	102.5625%
2004 and thereafter	100.0000%

During the year, the 2007 Notes with an aggregate principal of US\$6.4 million was repurchased by the Group and was cancelled.

- (b) The secured bank loans shown above include syndicated bank loans of approximately HK\$2,872 million (1999: HK\$3,835 million) which are on-lent to a joint venture company and interest thereon is borne by this joint venture company.

### 27. Warranties

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Warranties payable (Note a)				
Within one year	77,960	77,580	77,960	77,580
Between one and two years	77,960	77,580	77,960	77,580
Between two and five years	155,920	232,740	155,920	232,740
	311,840	387,900	311,840	387,900
Othe warranty provisions (Note b)	164,059	164,059	–	–
	475,899	551,959	311,840	387,900
Less: Portion due within one year included in current liabilities	(77,960)	(77,580)	(77,960)	(77,580)
	397,939	474,379	233,880	310,320

Notes:

- (a) The warranties payable carry interest at 10% per annum commencing on 1st January, 1999. Circumstances giving rise to such warranties are detailed in note 35(b).
- (b) In the opinion of the directors, the other warranty provisions, which were made by the Group in prior years, will not become payable within one year from the balance sheet date, accordingly the provisions are classified as non-current liabilities.

### 28. Amounts Due To Subsidiaries

The amounts due to subsidiaries are unsecured without fixed repayment terms. Such amounts to the extent of approximately HK\$38,065,000 (1999: HK\$110,617,000) carry interest at commercial lending rates and the balance is interest free. Repayment of the amounts will not be demanded within one year from the balance sheet date, accordingly the amounts are classified as non-current liabilities.

### 29. Amounts Due To Associates

The amounts due to associates are unsecured and interest free without fixed repayment terms. Repayment of the amounts will not be demanded within one year from the balance sheet date, accordingly the amounts are classified as non-current liabilities.

### 30. Reconciliation Of Profit From Ordinary Activities Before Taxation To Net Cash Inflow From Operating Activities

	The Group	
	2000 HK\$'000	1999 HK\$'000
Profit from ordinary activities before taxation	195,210	188,754
Share of results of jointly controlled entities and associates	(223,297)	(141,478)
Impairment loss on investments	–	20,800
Interest income from jointly controlled entities	(444,031)	(406,863)
Interest expenses less amounts capitalised and amount borne by a jointly controlled entity	628,610	598,973
Notes issue expenses amortised	17,148	17,221
Depreciation of property, plant and equipment	17,084	22,090
Loss on disposal of subsidiaries	46	471
Amortisation of cost of investments in jointly controlled entities	31,676	28,273
Loss (gain) on disposal of property, plant and equipment	646	(9,454)
Gain on repurchase and cancellation of notes	(15,335)	–
Decrease (increase) in inventories	7,061	(5,643)
Decrease in trade and other receivables, deposits and prepayments	84,910	114,742
Decrease in trade and other payables and rentals and other deposits	(3,968)	(210,504)
Decrease (increase) in amounts due from customers for contract work	1,039	(1,039)
Increase in amounts due to customers for contract work	53,812	30,045
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>350,611</b>	<b>246,388</b>

### 31. Acquisition Of Subsidiaries

	2000 HK\$'000	1999 HK\$'000
Net assets acquired:		
Property, plant and equipment	–	42,901
Inventories	–	1,370
Trade and other receivables, deposits and prepayments	–	6,224
Bank balances and cash	–	809
Trade and other payables	–	(29,231)
Long-term borrowings	–	(15,083)
	–	6,990
Discount on acquisition	–	(13,700)
	–	(6,710)
Satisfied by:		
Cash consideration	–	1
Interests in associates reclassified as subsidiaries upon acquisition of additional interests therein	–	(6,711)
	–	(6,710)
Analysis of net cash inflow from acquisition of subsidiaries		
Bank balances and cash acquired	–	809
Cash consideration	–	(1)
<b>Net cash inflow from acquisition of subsidiaries</b>	<b>–</b>	<b>808</b>

The subsidiaries acquired in the year ended 30th June, 1999 did not have a significant impact on the Group's cash flows for that year.



## NOTES TO FINANCIAL STATEMENTS

(continued)

### 32. Analysis Of Changes In Financing During The Year

	Warranties HK\$'000	Long-term borrowings and short- term loans not within three months of maturity* HK\$'000
Balance at 1st July, 1998	930,435	11,469,599
Exchange adjustments	–	5,400
Net cash outflow from financing activities	(91,426)	(778,549)
Acquisition of subsidiaries	–	15,083
Settlement of warranties	(287,050)	–
Settlement of other loans	–	(245,966)
Notes issue expenses charged to income statement	–	17,221
Balance at 30th June, 1999	551,959	10,482,788
Exchange adjustments	1,900	25,970
Net cash (outflow) inflow from financing activities	(77,960)	30,260
Gain on repurchase and cancellation of notes	–	(15,335)
Notes issue expenses charged to income statement	–	17,148
Balance at 30th June, 2000	475,899	10,540,831

	2000 HK\$'000	1999 HK\$'000
* Included in:		
Long-term borrowings	10,308,036	10,227,072
Short-term bank loans	200,000	225,000
Other short-term loans	32,795	30,716
	10,540,831	10,482,788

### 33. Charges On Assets And Options To Acquire Shares In A Subsidiary

- (a) The Group's investments in certain jointly controlled entities engaging in the development of infrastructure projects are pledged to the lenders to secure the bank loan facilities to the extent of approximately HK\$4,112 million (1999: HK\$5,085 million) granted to the Group and its jointly controlled entities to finance the development of such projects. At the balance sheet date, the amount of bank loan facilities utilised to the extent of HK\$2,872 million (1999: HK\$3,835 million) was on-lent to a jointly controlled entity. Other advances made by the Group to this entity amounting to approximately HK\$5,764 million (1999: HK\$5,024 million) have been subordinated to such bank loans.
- (b) Other credit facilities of the Group to the extent of approximately HK\$2,908 million (1999: HK\$1,853 million) were secured by mortgages or charges on the Group's properties, bank deposits and other assets with an aggregate carrying value of approximately HK\$7,204 million (1999: HK\$8,015 million). At the balance sheet date, such facilities were utilised to the extent of approximately HK\$2,614 million (1999: HK\$1,710 million).
- (c) The amounts due by certain subsidiaries to the Company totalling approximately HK\$11,312 million (1999: HK\$8,280 million) have been subordinated to the syndicated bank borrowings of the Group which were utilised to finance the development projects undertaken by such subsidiaries.
- (d) Under an arrangement in connection with credit facilities granted to the Group, the Group has granted an option, at nominal consideration, to the lender to purchase to the extent of 5% of the interests in a subsidiary which acts as the holding company of subsidiaries engaging principally in the PRC. The option can only be exercisable upon the future successful public flotation of this subsidiary at a price per share which would be the same as the share price of the subsidiary's shares available for public subscription.

## 34. Commitments

At the balance sheet date, companies in the Group had outstanding commitments as follows:

### (a) West-Route Project of the Superhighway, the PRC

As detailed in note 16(a), a subsidiary has undertaken the development of the West-Route Project of the Superhighway through a jointly controlled entity to be established in the PRC. The estimated total development expenditure for phase I of the West-Route Project amounted to approximately RMB1,180 million of which RMB206.5 million will be provided by the Group. Up to the balance sheet date, development expenditure of approximately RMB117 million (1999: RMB117 million) has been incurred by the Group for this project.

### (b) Ring Road project in Guangzhou, the PRC

As detailed in note 16(c), a subsidiary has undertaken the development of the Guangzhou East South West Ring Road through a jointly controlled entity established in the PRC. The subsidiary, pursuant to agreements entered into with CKI Ring Roads and the PRC joint venture partner, has agreed to fund the construction to the extent of RMB2,000 million, a substantial portion of which will be funded by the Group's external borrowings. Up to the balance sheet date, construction costs for the project amounted to approximately HK\$1,419 million (1999: HK\$1,122 million) has been contributed by the Group.

### (c) Property development project in Huanggang of Shenzhen, the PRC

The estimated initial development cost for the project, as stated in the joint venture contract, is approximately RMB230 million. A subsidiary has undertaken to provide the jointly controlled entity with a registered capital of approximately RMB69 million and funds for the development of the project. Up to the balance sheet date, development expenditure for the project amounted to approximately HK\$264 million (1999: HK\$264 million) has been incurred.

### (d) Power Station Project in the Republic of Indonesia

A subsidiary has undertaken the development of the Tanjung Jati B Power Station in Indonesia. The total development cost is estimated to be approximately HK\$13,687 million. Development expenditure and project costs incurred up to the balance sheet date amounted to approximately HK\$3,163 million (1999: HK\$3,163 million). The Group has issued a notice to P.T. PLN (Persero), an electricity company operating in Indonesia, of the occurrence of certain Events of Force Majeure under the terms of the power purchase agreement. The development of this project has been temporarily suspended.

### (e) Other investments

- (i) A subsidiary has agreed to provide funds to the extent of HK\$800 million to a jointly controlled entity for the development of its property development project. At the balance sheet date, funds advanced by the subsidiary to the jointly controlled entity amounted to approximately HK\$478 million (1999: HK\$473 million). In addition, as at that date, the Group's share of property development expenditure of the jointly controlled entity, which was contracted but not provided, amounted to approximately HK\$44,000,000 (1999: HK\$55,000,000).
- (ii) A subsidiary has entered into an agreement with certain enterprises for the development of a toll road project in the PRC which will be undertaken by a jointly controlled entity to be established for this purpose. The estimated development cost for the project is approximately RMB1,010 million. The subsidiary has agreed to make capital contribution of RMB 45.5 million to the jointly controlled entity. The agreement is subject to approval by the PRC authority. Up to the balance sheet date, no development expenditure for this project has been incurred by the Group.
- (iii) The Group, through its subsidiaries, has also agreed to undertake the development of the commercial and residential properties in Machong county of Dongguan, the PRC, subject to approval by the relevant authority and/or the signing of formal project agreements, the terms and conditions of which are yet to be finalised.

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 34. Commitments (continued)

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
(f) Property development expenditures				
– authorised but not yet contracted	75,660	161,996	–	–
– contracted but not provided	37,166	55,824	–	–
	112,826	217,820	–	–

### 35. Contingencies

At the balance sheet date, there were contingencies as follows:

#### (a) Phase I of the Superhighway

The Company has undertaken on a joint and several basis to provide funds to GSZ Superhighway to enable it to meet its operating expenses.

In the prior year, the Company had agreed to indemnify Guangdong International Trust & Investment Corporation (“GITIC”) in respect of 46.5% of any payment which GITIC was required to make under the shortfall payment guarantee given in connection with the syndicated bank loan granted to the Group and on-lent to GSZ Superhighway. During the year, the indemnity was released following the closure of GITIC when a PRC bank replaced GITIC in respect of GITIC’s undertakings and obligations under the shortfall payment guarantee.

#### (b) Disposal of CEPA

In connection with the disposal by the Group of its interests in CEPA in prior years, the Group entered into an agreement with the purchaser under which the purchaser and its affiliates agreed to release and discharge the Group from all claims whatsoever that they may have against the Group arising under the sale agreement. The Group has also agreed to release and discharge the purchaser and its affiliates from all claims whatsoever the Group may have against them. In consideration thereof, the Group has agreed to give certain performance undertakings and indemnities and to pay the purchaser and its affiliates a sum of US\$98.9 million. The warranties payable of US\$98.9 million, for which full provision has been made in the prior year, comprised a cash sum of US\$50 million which are payable in five equal annual instalments commencing on 31st December, 1999 and the balance which was settled in prior years by the assignment of the net debts due to the Group by companies affiliated with the purchaser of US\$37.1 million and the Group’s bank deposit of US\$11.8 million.

#### (c) Transport system in Thailand

The Ministry of Transport and Communications of Thailand (“MOTC”) has issued termination notices to HTL to terminate the concession agreement entered into with HTL and reserved the rights to claim for any damages arising from such termination. MOTC also issued a letter to seize all the concession payments which have been made by HTL and the performance bond of approximately HK\$101 million issued by a bank on behalf of HTL. However, the Government party has been unable to seize the bond since grounds for termination are disputed. In September 1998, MOTC confirmed the termination of the concession agreement and stated that HTL will be informed of the amount of damages in the future. On the other hand, HTL contended that the concession has been confiscated or expropriated by MOTC outside the terms of the concession agreement and has made a claim for damages of approximately HK\$18 billion and demanded MOTC to release the aforesaid performance bond.

### 35. Contingencies (continued)

In the prior years, the Revenue Department of Thailand issued notices of assessment to HTL demanding payment of specific business tax ("SBT"), including surcharges and penalty, of approximately Baht 905 million and repayment of input value added tax previously refunded to HTL, including surcharges and penalty, of approximately Baht 347 million. During the year, a notice was issued by the Appeal Committee of Thai Court to HTL to cancel the assessment for SBT. HTL has also received professional advice that it has a good defence to the claim for repayment of the input value added tax refunded. Accordingly, the directors are of the opinion that no provision for the amounts claimed is required to be made in the financial statements at this stage.

#### (d) Tanjung Jati B Power Station in the Republic of Indonesia

A subsidiary, Slipform Engineering Limited, has given guarantees to certain members of the contractor consortiums undertaking the construction of the Tanjung Jati B Power Station for the due performance of contractual and payment obligations of certain subsidiaries of the Company which are members of the contractor consortiums.

#### (e) Litigation

During the year, a legal action was taken by a former director and a company related to him against the Company claiming, inter alia, compensation for expenses allegedly incurred in connection with a proposed infrastructure project in Luzon, the Philippines, of approximately HK\$13.9 million and a declaration that the Company is contractually bound to allocate certain percentage of shares in the associate undertaking that project. The Company has filed a defence against the claims and intends to contest the case vigorously. The directors, based on legal advice obtained, are of the opinion that the case is without merit and would not result in any material losses to the Group.

	The Group		The Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
(f) Guarantees given for other banking and credit facilities of subsidiaries	-	-	3,422,254	2,748,426
(g) Counter indemnities given in respect of performance bonds issued for other construction projects	28,885	28,885	28,885	28,885

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 36. Principal Subsidiaries

The following list contains only the details of the subsidiaries which principally affect the results, assets or liabilities of the Group as the directors are of the opinion that a complete list of all the subsidiaries will be of excessive length. Except otherwise indicated, all the subsidiaries are private companies incorporated and are operating principally in the place of incorporation and all issued shares are ordinary shares.

Name of company	Paid up issued share capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
		Directly %	Indirectly %	
<i>Incorporated in Hong Kong:</i>				
Goldhill Investments Limited	2 shares of HK\$100 each and 60,600 non-voting deferred shares of HK\$100 each	-	100	Property investment
Hopewell China Development (Superhighway) Limited (ii)	2 shares of HK\$1 each and 2 non-voting deferred shares of HK\$1 each	-	97.5	Investment in superhighway project
Hopewell Construction Company, Limited	200,000 shares of HK\$100 each	-	100	Construction, project management and investment holding
Hopewell Credit Limited	10,000 shares of HK\$100 each	100	-	Loan financing
Hopewell Finance Limited	2 shares of HK\$10 each	100	-	Loan financing
Hopewell Food Industries Limited	1,000,000 shares of HK\$1 each	-	100	Restaurant operation
Hopewell Guangzhou-Zhuhai Superhighway Development Limited (ii)	2 shares of HK\$1 each and 2 non-voting deferred shares of HK\$1 each	-	100	Investment in superhighway project
Hopewell Housing Limited	30,000 shares of HK\$100 each	100	-	Property agents and investment holding
Hopewell Huang Gang Development Limited (ii)	2 shares of HK\$1 each	-	100	Property investment
Hopewell Property Management Company Limited	2 shares of HK\$100 each	100	-	Building management
Hopewell Shunde Roads Limited (i)	2 shares of HK\$1 each	-	100	Investment in highway system project
Hopewell Engineering & Construction Limited	2 shares of HK\$100 each	100	-	Engineering, construction and investment holding

## 36. Principal Subsidiaries (continued)

Name of company	Paid up issued share capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
		Directly %	Indirectly %	
<i>Incorporated in Hong Kong:</i>				
<i>(continued)</i>				
Hopewell 108 Limited	1,000 shares of HK\$100 each	-	100	Property investment
Hopewell 109 Limited	100 shares of HK\$100 each	100	-	Investment holding
Hopewell 110 Limited	10,000 shares of HK\$100 each	-	100	Property investment and development
International Trademart Company Limited	2 shares of HK\$1 each and 10,000 non-voting deferred shares of HK\$1 each	-	100	Property investment and operation of a trademart
Kowloon Panda Hotel Limited	2 shares of HK\$100 each and 20,000 non-voting deferred shares of HK\$100 each	-	100	Hotel ownership and operations
Lok Foo Company Limited	52,000 shares of HK\$100 each	100	-	Investment holding
Mega Hotels Management Limited	3,000,000 shares of HK\$1 each	90	-	Hotel management and investment holding
Parkgate Enterprises Limited	10,000 shares of HK\$10 each	-	100	Property investment
Slipform Engineering Limited (i)	1,000,001 shares of HK\$1 each	-	100	Construction, project consultant, property investment and investment holding
Wetherall Investments Limited	2 shares of HK\$1 each and 2 non-voting deferred shares of HK\$1 each	-	100	Property investment and investment holding
Yuba Company Limited	10,000 shares of HK\$1 each	-	100	Property investment
<i>Incorporated in Macau:</i>				
Slipform Engineering (Macau) Limited	500,000 shares of MOP1 each	-	100	Civil and building construction
<i>Incorporated in the British Virgin Islands:</i>				
Goldvista Properties Limited (iii)	1 share of US\$1 each	-	100	Property investment
Guangzhou-Shenzhen Superhighway (Holdings) Ltd.	20,000 shares of US\$1 each	-	97.5	Investment holding
Hopewell Guangzhou Ring Road Limited (ii)	1 share of US\$1 each	-	100	Investment in highway system project
Kammer Investment Limited	1 share of US\$1 each	100	-	Investment holding

## NOTES TO FINANCIAL STATEMENTS

(continued)

### 36. Principal Subsidiaries (continued)

Name of company	Paid up issued share capital	Proportion of nominal value of issued ordinary share capital held by the Company		Principal activities
		Directly %	Indirectly %	
<i>Incorporated in the British Virgin Islands:</i>				
<i>(continued)</i>				
Primax Investment Limited	1 share of US\$1 each	100	–	Investment holding
Procelain Properties Ltd. (iii)	1 share of US\$1 each	–	100	Property investment
Singway (B.V.I.) Company Limited (iii)	1 share of US\$1 each	–	100	Property investment
Tubanan Power Limited	100 shares of US\$1 each	–	100	Investment holding
Yee Shing International Limited (i)	1 share of US\$1 each	–	100	Treasury investment
<i>Incorporated in Cayman Islands:</i>				
Delta Roads Limited	46,422 shares of HK\$10 each	–	100	Investment holding
<i>Incorporated in Thailand:</i>				
Hopewell (Thailand) Limited	1,500,000,000 shares of Baht 10 each	100	–	Investment in an elevated road and train system
<i>Incorporated in the Republic of Malta:</i>				
Grand Hotel Excelsior Limited	50,000 shares of LM1 each	–	100	Development and operation of a hotel
Slipform Engineering (Malta) Limited	10,000 shares of LM 1 each	–	100	Project management and construction
<i>Incorporated in Indonesia:</i>				
P.T. Hi Power Tubanan I	2,200,000 shares of US\$100 each paid up to an aggregate of US\$171,274,250	–	80	Development of a power station project

#### Notes:

- (i) Operating principally in Asian countries
- (ii) Operating principally in the PRC
- (iii) Operating principally in Hong Kong

The non-voting deferred shares carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.

Particulars of the subsidiaries, including those subsidiaries not listed above, will be annexed to the next annual return of the Company to be filed with The Registrar of Companies in accordance with the Companies Ordinance.

None of the subsidiaries had any loan capital outstanding at the end of the year.

## 37. Principal Associates

The following list contains only the details of the associates which principally affect the results, assets or liabilities of the Group as the directors are of the opinion that a complete list of all the associates will be of excessive length. All the following associates are incorporated and operating in Hong Kong except otherwise indicated.

Name of company	Proportion of nominal value of issued capital held by the Company directly %	Principal activities
Granlai Company Limited (i)	46	Property investment
Manrose Limited	50	Investment holding
Shin Ho Ch'eng Development Limited (i) and (ii)	20	Hotel operation

Notes:

- (i) With financial year end date of 31st December
- (ii) Operating principally in the PRC

Particulars of the associates, including those associates not listed above, will be annexed to the next annual return of the Company to be filed with The Registrar of Companies in accordance with the Companies Ordinance.

## 38. Approval of Financial Statements

The financial statements on pages 43 to 79 were approved by the Board of Directors on 27th October, 2000.



## LIST OF MAJOR PROPERTIES

### A. Completed investment properties (unless otherwise specified, completed investment property is held under long-term lease):

Property/land	Location	Use	Site area (sq.m.)	Gross floor area (sq.m.)	Group's interest (%)
Hongkong International Trade & Exhibition Centre (medium-term lease)	1 Trademart Drive Kowloon Bay Kowloon	Conference, exhibition, restaurant, display office and carparks	22,280	163,702*	100
Hopewell Centre	183 Queen's Road East Wanchai, Hong Kong	Commercial, office and carparks	5,207	78,102*	100
Panda Hotel (medium-term lease) – Shopping arcade & carparks – Hotel property	3 Tsuen Wah Street Tsuen Wan New Territories	Commercial and carparks Hotel operation	5,750	22,689* 49,073	100 100
Allway Gardens Shopping Arcade (medium-term lease)	9 On Yuk Road Tsuen Wan New Territories	Commercial	N/A	20,742	100
Allway Gardens Carparks (medium-term lease) (125 nos)	9 On Yuk Road Tsuen Wan New Territories	Carparks	N/A	N/A	100
Wu Chung House Carparks (medium-term lease) (80 nos.)	3/F-5/F, 213 Queen's Road East Hong Kong	Carparks	N/A	N/A	100
Hing Wai Centre (medium-term lease) 22/F-24/F, car parking spaces V1-V15	No. 7 Tin Wan Praya Road, Aberdeen Hong Kong	Industrial, commercial and carparks	N/A	7,551*	100

### B. Properties for/under development:

Property/land	Location	Use	Site area (sq.m.)	Gross floor area (sq.m.)	Group's interest (%)
Mega Tower Hotel	Kennedy Road Ship Street, Hau Fung Lane, Wanchai Hong Kong	Commercial & Hotel (Development at planning stage)	6,836#	171,343	100
City East Building	214-224 Queen's Road East, Wanchai Hong Kong	For development	459	4,146	100
196-206 Queen's Road East	196-206 Queen's Road East, Wanchai Hong Kong	For development	464	N/A	100
9-19 Sam Pan Street	9-19 Sam Pan Street Hong Kong	For development	623	N/A	100
Nova Taipa Gardens	North shore of Taipa Island, Macau	Residential, commercial, office/ hotel and carparks (Substructure works for Phase II completed)	175,729	977,832	50
Grand Hotel Excelsior	Great Siege Road Floriana Republic of Malta	Hotel (Under redevelopment)	33,428	55,328	100

**Note:**

\* Excluding car parking spaces.

# Total site area of the land required for the property development is 11,040 sq.m. of which a total of 6,836 sq.m. are held by the Group and a total of 4,204 sq.m. will be acquired by the Group mainly by way of land exchange with the government at a premium yet to be finalised.