

#### 4 RETIREMENT BENEFIT COSTS (Continued)

The Group's contributions to the MPF Scheme are as follows:

	2000	1999
	HK\$	HK\$
Group's contributions charged to the profit and loss account	83,372	—

There was no outstanding contributions payable as at 31st December 2000. The assets of the MPF Scheme are held separately from those of the Group managed by an independent administrator.

#### 5 FINANCE COSTS

	2000	1999
	HK\$	HK\$
Interest expenses		
- bank loans and overdrafts wholly repayable within five years	8,534,489	31,276,600
- bank loans not wholly repayable within five years	24,682,816	—
- notes wholly payable within five years	—	93,600
Other incidental borrowing costs	757,043	702,164
	<u>33,974,348</u>	<u>32,072,364</u>

#### 6 DIRECTORS' AND MANAGEMENT'S EMOLUMENTS

##### Directors' emoluments

The aggregate amounts of emoluments paid to the directors of the Group during the year are as follows:

	2000	1999
	HK\$	HK\$
Fees	321,400	321,400
Salaries, housing and other allowances, benefits in kind	15,438,716	14,214,816
Bonuses	2,331,400	2,038,600
Contributions to the MPF Scheme	5,000	—
	<u>18,096,516</u>	<u>16,574,816</u>

##### Emoluments band

	Number of directors	
	2000	1999
HK\$ Nil - HK\$1,000,000	6	6
HK\$1,000,001 - HK\$1,500,000	1	2
HK\$1,500,001 - HK\$2,000,000	1	1
HK\$2,500,001 - HK\$3,000,000	1	—
HK\$10,000,001 - HK\$10,500,000	1	—
HK\$10,500,001 - HK\$11,000,000	—	1

## 6 DIRECTORS' AND MANAGEMENT'S EMOLUMENTS (Continued)

### Directors' emoluments (Continued)

The emoluments paid by the Group to the independent non-executive directors for the year amounted to HK\$212,000 (1999: HK\$212,000).

The above analysis includes three (1999: three) individuals whose emoluments were among the five highest paid individuals in the Group.

### Management's emoluments

Details of the aggregate emoluments payable to the other two (1999: two) individuals whose emoluments were among the five highest in the Group and which have not been included in directors' emoluments above are as follows:

	2000	1999
	HK\$	HK\$
Salaries, housing and other allowances, benefits in kind	5,556,000	5,556,000
Bonuses	483,600	322,400
Contributions to the MPF Scheme	2,000	—
	<u>6,041,600</u>	<u>5,878,400</u>
Emoluments band	Number of individuals	
	2000	1999
HK\$2,000,001 - HK\$2,500,000	1	1
HK\$3,500,001 - HK\$4,000,000	1	1

## 7 TAXATION

Hong Kong profits tax has been provided at the rate of 16% (1999: 16%) on the estimated assessable profit for the year. Hong Kong profits tax rebate in last year represented the 10% rebate on profits tax for the year ended 31st December 1998. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged to the consolidated profit and loss account represents:

	2000	1999
	HK\$	HK\$
Hong Kong profits tax	7,248,738	7,679,024
10% 1997/98 Hong Kong profits tax rebate	—	(2,727,533)
Under/(over) provision in prior years	3,918	(39,597)
Overseas taxation	1,443,000	2,230,800
	<u>8,695,656</u>	<u>7,142,694</u>

## 7 TAXATION (Continued)

A subsidiary company is currently enquired by the Inland Revenue Department concerning the taxability of the gain arising from its sale of certain properties in 1997. The potential additional tax liability is estimated to be approximately HK\$29.8 million. The directors consider that the gain arising from sales of these properties is capital in nature and not subject to profits tax. Hence, no provision for this potential liability has been made in the accounts.

	Group		Company	
	2000	1999	2000	1999
	HK\$	HK\$	HK\$	HK\$
Deferred taxation for the year has not been (credited)/charged in respect of the following:				
<i>Hong Kong:</i>				
Accelerated depreciation allowances on investment properties and other fixed assets	1,124,000	2,873,800	7,000	(140,000)
Tax losses	(2,915,700)	(1,660,100)	(231,000)	(166,000)
	<u>(1,791,700)</u>	<u>1,213,700</u>	<u>(224,000)</u>	<u>(306,000)</u>
<i>Overseas:</i>				
Accelerated depreciation allowances	415,000	360,000	—	—
Tax losses	16,876,000	(112,000)	—	—
	<u>17,291,000</u>	<u>248,000</u>	<u>—</u>	<u>—</u>

## 8 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the Company to the extent of HK\$44,374,918 (1999: HK\$36,811,681).

## 9 DIVIDENDS

	2000	1999
	HK\$	HK\$
Interim, paid, of HK10 cents (1999: HK10 cents) per ordinary share	28,766,968	28,766,968
Special, paid, of HK5 cents (1999: Nil) per ordinary share	14,383,484	—
Final, proposed, of HK8 cents (1999: HK7 cents) per ordinary share	23,013,574	20,136,877
	<u>66,164,026</u>	<u>48,903,845</u>

## 10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on profit attributable to shareholders of HK\$85,468,385 (1999: HK\$50,432,865) and the weighted average number of 287,669,676 (1999: 287,669,676) ordinary shares in issue during the year.

Diluted earnings per share is not shown as there are no dilutive instruments outstanding during the year.

## 11 FIXED ASSETS

### Group

	Leasehold land and buildings in Hong Kong			Overseas freehold land and buildings		Total
	Investment properties	Properties under development	Other properties	Investment properties	Other fixed assets	
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Cost or valuation						
At 1st January 2000	1,737,300,000	204,341,517	95,067,160	435,240,000	53,347,603	2,525,296,280
Additions	2,891,125	288,116	—	907,663	2,137,421	6,224,325
Disposals	(1,350,000)	—	—	—	(1,224,565)	(2,574,565)
Revaluation (deficit)/surplus	(67,791,125)	—	—	88,012,337	—	20,221,212
At 31st December 2000	<u>1,671,050,000</u>	<u>204,629,633</u>	<u>95,067,160</u>	<u>524,160,000</u>	<u>54,260,459</u>	<u>2,549,167,252</u>
Representing						
At cost	—	204,629,633	95,067,160	—	54,260,459	353,957,252
At professional valuation 2000	<u>1,671,050,000</u>	—	—	<u>524,160,000</u>	—	<u>2,195,210,000</u>
	<u>1,671,050,000</u>	<u>204,629,633</u>	<u>95,067,160</u>	<u>524,160,000</u>	<u>54,260,459</u>	<u>2,549,167,252</u>
Accumulated depreciation						
At 1st January 2000	—	—	10,696,691	—	33,738,582	44,435,273
Charge for the year	—	—	2,266,433	—	3,218,836	5,485,269
Disposals	—	—	—	—	(746,274)	(746,274)
At 31st December 2000	<u>—</u>	<u>—</u>	<u>12,963,124</u>	<u>—</u>	<u>36,211,144</u>	<u>49,174,268</u>
Net book value						
At 31st December 2000	<u>1,671,050,000</u>	<u>204,629,633</u>	<u>82,104,036</u>	<u>524,160,000</u>	<u>18,049,315</u>	<u>2,499,992,984</u>
At 31st December 1999	<u>1,737,300,000</u>	<u>204,341,517</u>	<u>84,370,469</u>	<u>435,240,000</u>	<u>19,609,021</u>	<u>2,480,861,007</u>

## 11 FIXED ASSETS (Continued)

### Company

	<b>Leasehold land and buildings in Hong Kong</b>		
	<b>Investment properties</b>	<b>Other fixed assets</b>	<b>Total</b>
	HK\$	HK\$	HK\$
<b>Cost or valuation</b>			
At 1st January 2000	127,300,000	6,864,465	134,164,465
Additions	—	503,936	503,936
Disposals	—	(547,094)	(547,094)
Revaluation deficit	(300,000)	—	(300,000)
At 31st December 2000	<u>127,000,000</u>	<u>6,821,307</u>	<u>133,821,307</u>
<b>Representing</b>			
At cost	—	6,821,307	6,821,307
At professional valuation 2000	<u>127,000,000</u>	—	<u>127,000,000</u>
	<u>127,000,000</u>	<u>6,821,307</u>	<u>133,821,307</u>
<b>Accumulated depreciation</b>			
At 1st January 2000	—	4,297,234	4,297,234
Charge for the year	—	380,235	380,235
Disposals	—	(370,354)	(370,354)
At 31st December 2000	<u>—</u>	<u>4,307,115</u>	<u>4,307,115</u>
<b>Net book value</b>			
At 31st December 2000	<u>127,000,000</u>	<u>2,514,192</u>	<u>129,514,192</u>
At 31st December 1999	<u>127,300,000</u>	<u>2,567,231</u>	<u>129,867,231</u>

- (a) Certain of the Group's investment properties with an aggregate net book value of HK\$1,659,160,000 (1999: HK\$1,596,240,000) have been pledged to financial institutions to secure credit facilities for the Group totalling HK\$574,276,200 (1999: HK\$587,641,200) of which HK\$433,557,472 (1999: HK\$428,684,552) were utilised as at 31st December 2000.
- (b) Certain of the Company's and a subsidiary company's investment properties with an aggregate net book value of HK\$133,000,000 (1999: HK\$131,000,000) have been pledged to financial institutions to secure credit facilities for the Company totalling HK\$20,000,000 (1999: HK\$20,000,000) of which HK\$4,088,904 (1999: HK\$1,043,352) were utilised as at 31st December 2000.
- (c) The investment properties in Hong Kong of the Group and the Company were valued on an open market basis at 31st December 2000 and 1999 by A A Property Services Limited, an independent professional property valuer.

## 11 FIXED ASSETS (Continued)

- (d) The Group's overseas investment properties were valued on an open market basis at 31st December 2000 and 1999 by Mr David K Bohegian, Member of The Appraisal Institute, of Martorana Bohegian & Company.
- (e) The interests in investment properties, properties under development and other properties at their net book values are analysed as follows:

	Group		Company	
	2000	1999	2000	1999
	HK\$	HK\$	HK\$	HK\$
In Hong Kong, held on:				
Leases of over 50 years	331,900,000	345,150,000	12,000,000	14,300,000
Leases of between 10 to 50 years	1,625,883,669	1,680,861,986	115,000,000	113,000,000
Outside Hong Kong, held on:				
Freehold	524,160,000	435,240,000	—	—
	<u>2,481,943,669</u>	<u>2,461,251,986</u>	<u>127,000,000</u>	<u>127,300,000</u>

## 12 SUBSIDIARY COMPANIES

	2000	1999
	HK\$	HK\$
Unlisted shares, at cost less provision of HK\$70,326,003 (1999: HK\$70,213,652)	58,675,768	58,788,119
Amounts due by subsidiary companies less provision of HK\$181,306,573 (1999: HK\$187,206,355)	693,211,081	713,209,478
Dividends receivable	37,005,758	40,277,441
	788,892,607	812,275,038
Amounts due to subsidiary companies	(37,272,849)	(46,604,661)
	<u>751,619,758</u>	<u>765,670,377</u>

All balances with subsidiary companies are unsecured and have no fixed terms of repayment. The balances are interest free except for the amounts of HK\$256,580,551 (1999: HK\$258,071,823) and HK\$18,990,714 (1999: HK\$28,801,675) included in the amounts due by subsidiary companies and amounts due to subsidiary companies respectively, which bear interests at prevailing market rates.

Details of principal subsidiary companies as at 31st December 2000, which, in the directors' opinion, materially affect the results and/or assets of the Group, are set out in note 26.