

## NOTES ON THE ACCOUNTS

### 7. INDIVIDUALS WITH HIGHEST EMOLUMENTS

None of the five individuals with the highest emoluments is a director of the Company. The emoluments of the five highest paid employees are as follows:

	2000 HK\$'000	1999 HK\$'000
Salaries and other emoluments	7,245	7,042
Retirement scheme contributions	382	707
	<u>7,627</u>	<u>7,749</u>

The emoluments of the five individuals with the highest emoluments are within the following bands:

HK\$	2000 Number of individuals	1999 Number of individuals
1,000,001 – 1,500,000	3	4
1,500,001 – 2,000,000	1	—
2,000,001 – 2,500,000	1	1
	<u>5</u>	<u>5</u>

### 8. TAXATION

(a) Taxation in the consolidated profit and loss account represents:

	2000 HK\$'000	1999 HK\$'000
Provision for Hong Kong profits tax for the year	13,035	2,490
(Over)/underprovision in respect of prior years	(61)	51
Tax refund relating to prior year	—	(3,868)
	<u>12,974</u>	<u>(1,327)</u>
Deferred taxation ( <i>Note 21(a)</i> )	(11,000)	5,000
	<u>1,974</u>	<u>3,673</u>

The provision for Hong Kong profits tax is based on an estimate of the assessable profits for the year ended 31 December 2000 less relief for available tax loss where applicable at 16% (1999: 16%).

8. TAXATION

(b) Tax recoverable in the balance sheets represents:

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Provision for Hong Kong profits tax for the year	9,039	529	9,000	—
Provisional profits tax paid	(478)	(3,028)	—	—
	<u>8,561</u>	<u>(2,499)</u>	<u>9,000</u>	<u>—</u>
Balance of profits tax recoverable relating to prior years	(37,669)	(34,873)	(34,120)	(34,120)
	<u>(29,108)</u>	<u>(37,372)</u>	<u>(25,120)</u>	<u>(34,120)</u>

The Inland Revenue Department is currently contesting the deductibility of depreciation allowances on certain fixed assets of the Company of approximately HK\$160 million in previous years' tax computations. The tax effect of the amount in dispute is approximately HK\$25.6 million. As at the balance sheet date, the outcome of the case remained undetermined. The Company opines that it has reasonable ground to support the deductibility of these depreciation allowances and no provision has been made in the accounts.

(c) Tax payable in the consolidated balance sheet represents:

	2000 HK\$'000	1999 HK\$'000
Provision for Hong Kong profits tax for the year	3,996	1,961
Provisional profits tax paid	(1,255)	(712)
	<u>2,741</u>	<u>1,249</u>
Balance of profits tax provision relating to prior year	423	43
Provision for overseas tax	—	233
	<u>3,164</u>	<u>1,525</u>

## NOTES ON THE ACCOUNTS

### 9. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The Group's profit attributable to shareholders includes a profit of HK\$4,064,000 (1999: HK\$2,546,996,000) which has been dealt with in the accounts of the Company.

### 10. DIVIDENDS

	2000 HK\$'000	1999 HK\$'000
Interim dividend paid of 8 cents per share (1999: 8 cents)	28,503	28,503
Proposed final dividend of 20 cents per share (1999: 20 cents)	<u>71,254</u>	<u>71,254</u>
	<u>99,757</u>	<u>99,757</u>

### 11. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on a profit of HK\$126,613,000 (1999: a profit of HK\$121,140,000) and 356,273,883 (1999: 356,273,883) ordinary shares in issue during the year.

There were no potential ordinary shares in existence during 1999 and 2000.

## 12. FIXED ASSETS

## Group

	Property, plant and equipment						Total HK\$'000
	Hotel properties HK\$'000	Leasehold land and buildings HK\$'000	Ferry vessels and other crafts HK\$'000	Machinery, furniture and others HK\$'000	Sub-total HK\$'000	Investment properties HK\$'000	
<b>Cost or valuation:</b>							
At 1 January 2000	63,761	298,421	857,611	311,320	1,531,113	188,000	1,719,113
Additions	—	819	9,110	1,382	11,311	—	11,311
Disposals	—	(57,518)	(303,587)	(44,872)	(405,977)	—	(405,977)
Reclassification	—	(12,222)	—	(347)	(12,569)	11,138	(1,431)
Revaluation deficit	—	—	—	—	—	(19,638)	(19,638)
At 31 December 2000	<u>63,761</u>	<u>229,500</u>	<u>563,134</u>	<u>267,483</u>	<u>1,123,878</u>	<u>179,500</u>	<u>1,303,378</u>
<b>Representing:</b>							
Cost	63,761	229,500	563,134	267,483	1,123,878	—	1,123,878
Valuation	—	—	—	—	—	179,500	179,500
	<u>63,761</u>	<u>229,500</u>	<u>563,134</u>	<u>267,483</u>	<u>1,123,878</u>	<u>179,500</u>	<u>1,303,378</u>
<b>Aggregate depreciation:</b>							
At 1 January 2000	—	62,131	712,228	145,063	919,422	—	919,422
Charge for the year	—	5,124	6,970	12,325	24,419	—	24,419
Written back on disposal	—	(26,552)	(181,777)	(35,994)	(244,323)	—	(244,323)
Reclassification	—	(1,379)	—	(52)	(1,431)	—	(1,431)
At 31 December 2000	<u>—</u>	<u>39,324</u>	<u>537,421</u>	<u>121,342</u>	<u>698,087</u>	<u>—</u>	<u>698,087</u>
<b>Net book value:</b>							
At 31 December 2000	<u>63,761</u>	<u>190,176</u>	<u>25,713</u>	<u>146,141</u>	<u>425,791</u>	<u>179,500</u>	<u>605,291</u>
At 31 December 1999	<u>63,761</u>	<u>236,290</u>	<u>145,383</u>	<u>166,257</u>	<u>611,691</u>	<u>188,000</u>	<u>799,691</u>

## NOTES ON THE ACCOUNTS

### 12. FIXED ASSETS

#### Company

	Property, plant and equipment			Total HK\$'000
	Leasehold land and buildings HK\$'000	Ferry vessels and other crafts HK\$'000	Machinery, furniture and others HK\$'000	
<b>Cost:</b>				
At 1 January 2000	221,721	583,265	198,272	1,003,258
Disposals	(8,876)	(244,593)	(588)	(254,057)
At 31 December 2000	<u>212,845</u>	<u>338,672</u>	<u>197,684</u>	<u>749,201</u>
<b>Aggregate depreciation:</b>				
At 1 January 2000	28,276	489,335	50,775	568,386
Charge for the year	4,628	2,582	9,425	16,635
Written back on disposal	(8,840)	(159,496)	(566)	(168,902)
At 31 December 2000	<u>24,064</u>	<u>332,421</u>	<u>59,634</u>	<u>416,119</u>
<b>Net book value:</b>				
At 31 December 2000	<u>188,781</u>	<u>6,251</u>	<u>138,050</u>	<u>333,082</u>
At 31 December 1999	<u>193,445</u>	<u>93,930</u>	<u>147,497</u>	<u>434,872</u>

- (a) Leasehold land and buildings previously used by a subsidiary with a net book value of HK\$11,138,000 were rented out to third parties during the year. Accordingly, the above amount has been transferred to investment properties.
- (b) Investment properties held by the Group were revalued by a firm of surveyors, DTZ Debenham Tie Leung Limited, at HK\$179,500,000 as at 31 December 2000 (1999: HK\$188,000,000) on an open market value basis.

12. FIXED ASSETS

(c) The analysis of the net book value of all the properties, which are all held in Hong Kong, is as follows:

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Medium-term lease	433,437	457,071	188,781	193,445
Short lease	—	30,980	—	—
	<u>433,437</u>	<u>488,051</u>	<u>188,781</u>	<u>193,445</u>

13. PROPERTIES UNDER DEVELOPMENT

	2000 HK\$'000	1999 HK\$'000
At 1 January	3,868,511	—
Transfer from investment properties	—	893,567
Transfer from properties held for development	—	1,092,138
Additions	182,069	2,085,306
Disposals	(397,500)	(202,500)
Diminution in value ( <i>Note 23</i> )	(42,586)	—
At 31 December	<u>3,610,494</u>	<u>3,868,511</u>
<b>Analysis of properties under development:</b>		
For sale	2,956,941	3,249,921
For investment	653,553	618,590
	<u>3,610,494</u>	<u>3,868,511</u>

The above properties are situated in Hong Kong and held under medium-term leases.

## NOTES ON THE ACCOUNTS

### 14. INTEREST IN SUBSIDIARIES

	Company	
	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	167,278	167,278
Amounts due from subsidiaries	4,644,683	4,667,718
Provision for diminution in value	(373,734)	(373,734)
	<u>4,438,227</u>	<u>4,461,262</u>
Amounts due to subsidiaries	(665)	(689)
	<u><u>4,437,562</u></u>	<u><u>4,460,573</u></u>

Details of principal subsidiaries, which materially affect the results or assets of the Group, are as follows:

	Ordinary share capital			Principal activities
	Issued (HK\$)	% held by the Company	% held by a subsidiary	
HYFCO Development Company Limited	12,000,030	100	—	Property investment
The Hong Kong Shipyard Limited	17,000,000	100	—	Shipbuilding and repairs
HYFCO Trading and Investments Company Limited	2	100	—	Trading
HYFCO Estate Management & Agency Limited	25,000,000	100	—	Property management
HYFCO Properties Limited	21,700,000	100	—	Hotel investment
HYFCO Travel Agency Limited	3,500,000	100	—	Travel business

## 14. INTEREST IN SUBSIDIARIES

	Ordinary share capital		Principal activities	
	Issued (HK\$)	% held by the Company		% held by a subsidiary
The Hongkong and Yaumati Ferry Company Limited	100,000,000	100	—	Ferry operations
Fine Time Development Limited	2	100	—	Property investment
Galaxy Hotel Management Company Limited	1,350,000	—	100	Floating restaurant business
World Fame Shipping Limited	2	100	—	Ship management
Genius Star Development Limited	2	100	—	Godown business
Hong Kong Ferry Finance Company Limited	2	100	—	Group financing
Pico International Limited	6,000,000	100	—	Investment holding
Thommen Limited	20	100	—	Investment holding
Lenfield Limited	2	100	—	Property development
HKF Property Investment Limited	2	100	—	Property investment

Except for HYFCO Travel Agency Limited which operates outbound tours in the Mainland China and Macau, all the other subsidiaries are incorporated and operate in Hong Kong.



## NOTES ON THE ACCOUNTS

### 15. NON-CURRENT FINANCIAL ASSETS

	Group		Company	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
<b>Non-trading securities</b>				
Unlisted shares, at cost	17,564	16,261	16,256	16,256
Less: Provision for diminution in value	(16,140)	(16,140)	(16,140)	(16,140)
	<u>1,424</u>	<u>121</u>	<u>116</u>	<u>116</u>
Advances to investee companies less provision	<u>5,061</u>	<u>7,682</u>	<u>3,636</u>	<u>7,181</u>
	<u>6,485</u>	<u>7,803</u>	<u>3,752</u>	<u>7,297</u>
Listed shares				
in Hong Kong	46,096	77,627	—	—
outside Hong Kong	828	353	—	—
	<u>46,924</u>	<u>77,980</u>	<u>—</u>	<u>—</u>
Total investments	<u>53,409</u>	<u>85,783</u>	<u>3,752</u>	<u>7,297</u>
Market value of listed shares at 31 December	<u>46,924</u>	<u>77,980</u>	<u>—</u>	<u>—</u>

Included in unlisted investments are interests in two companies, namely, Authian Estates Limited and Celelight Company Limited, both incorporated in Hong Kong, in which the Group respectively holds 50% and 33 $\frac{1}{3}$ % of equity interest. The equity method of accounting for these companies is not adopted as the results and net assets of these companies are not material to the Group.