

to approximately 39,000 vehicle journeys per day, representing 16.6% of the total cross-harbour traffic.

The Hong Kong School of Motoring Limited, 70%-owned by the Company, recorded a decline of 11% in number of driving lessons demanded. The Company will continue to adopt proactive sales strategy to uphold its leading position in the marketplace as well as to improve its operating margin through various cost rationalization exercises.

Autotoll Limited, effectively 35%-owned by the Company, has forty-five auto-toll lanes in operations at ten different toll roads and tunnels at present. The number of tags in circulation was close to 167,000 as at 30 June 2001 and the daily transactions handled by Autotoll have reached a level of over 290,000.

## COMMENTARY ON INTERIM RESULTS

### (I) Review of 2001 Interim Results

The unaudited Group profit attributable to Shareholders for the six months ended 30 June 2001 amounted to HK\$43.3 million, compared with HK\$23.8 million for the corresponding period last year. The increase was mainly due to an increase in the Group's share of profit in associated companies. Earnings per share were 23 cents.

The Group's turnover for the period was HK\$143.6 million, a decrease of HK\$7.6 million or 5.0% as compared to the HK\$151.2 million recorded in the same period last year.

The Hong Kong School of Motoring Limited, 70% owned by the Company, recorded a reduction in turnover of HK\$6.1 million to HK\$127.6 million because of the decrease in tuition fees resulting from lower demand for driving lessons. A lower operating profit margin was reported as a result of intense competition.

The Group's share of profits of associates was HK\$7.1 million against a share of net losses of HK\$11.4 million in the corresponding period last year. This was mainly due to the contribution from the operation of the Western Harbour Tunnel ("WHT"). Improvement in the performance of WHT was the aggregate result of improved toll revenue after the toll increase and a reduction in finance charges due to lower interest rates.

Hong Kong Tunnels & Highways Management Company Limited, an associate performing the management contract for the Hunghom cross-harbour tunnel, maintained stable income for the period.

Profit contribution from Autotoll Limited, a jointly controlled entity for the running of an electronic toll collection system, has increased moderately compared with the corresponding period last year.

**(II) Investments**

At 30 June 2001, the Group held a portfolio of blue-chip securities with a market value of HK\$302.3 million. Dividend income received therefrom in the first six months amounted to HK\$7.1 million.

**(III) Liquidity**

At 30 June 2001, the Group had bank balances and deposits in an amount of HK\$196.6 million.

**(IV) Comments on Segmental Information**

The principal activity of the Company is investment holding.

The principal activities of the Company's subsidiaries and a jointly controlled entity are the operation of motoring schools, the operation of an electronic toll collection system and investment.

**(V) Employees**

The Group had approximately 690 staff as at 30 June 2001. Employees are remunerated according to nature of the job and market trends, with a built-in merit component incorporated in the annual increment to reward and motivate individual performance. Total staff costs for the six months ended 30 June 2001, amounted to HK\$67.3 million.