

4. OTHER NET INCOME

Included in other net income was HK\$21,685,000 (2000: HK\$Nil) which represented the surplus arising from termination of the Company's "Office Staff Retirement Scheme" and "Outdoor Staff Retirement Scheme".

Out of the total amount, a sum of HK\$7,012,000 was attributable to staff in connection with the passenger ferry operation which was discontinued in January 2000. This sum was included in "Passenger ferry operation" under discontinued operations in note 3(b). The remaining balance of the surplus was included in the "Ferry, shipyard and related operations" segment.

5. PROFIT FROM ORDINARY ACTIVITIES BEFORE TAXATION

Profit from ordinary activities before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2001 HK\$'000	2000 HK\$'000
(a) Finance cost		
Interest on bank advances and other borrowings repayable within five years	18,757	29,428
Other borrowing costs	12	1,553
	<u>18,769</u>	<u>30,981</u>
Less: Borrowing costs capitalised into properties under development	<u>(18,769)</u>	<u>(30,981)</u>
	<u>—</u>	<u>—</u>

The borrowing costs have been capitalised at a rate of 4.94% to 7.75% per annum (2000: 7.06% to 8.15% per annum) in respect of properties under development.

	Six months ended 30 June	
	2001 HK\$'000	2000 HK\$'000
(b) Other items		
Cost of inventories	630,923	332,793
Depreciation	11,220	11,808
Dividend income from listed investments	(580)	(812)
Profit on sale of listed investments	<u>(194)</u>	<u>(3,883)</u>

6. TAXATION

	Six months ended 30 June	
	2001 HK\$'000	2000 HK\$'000
Provision for Hong Kong profits tax for the period	2,128	1,853
Underprovision in respect of prior years	27,428	—
	<u>29,556</u>	<u>1,853</u>
Deferred taxation	(15,000)	—
	<u>14,556</u>	<u>1,853</u>

The provision for Hong Kong profits tax is based on an estimate of the assessable profits for the period ended 30 June 2001 less relief for available tax loss where applicable at 16% (2000: 16%).

A provision of HK\$27,428,000 has been made for possible tax liabilities in respect of disputes with the Inland Revenue Department regarding the deductibility of depreciation allowances on certain fixed assets of the Company for the years of assessment from 1995/96 to 2000/01. The relevant deferred tax provision of HK\$15,000,000 previously made in respect of the depreciation allowances in dispute was transferred to the profit and loss account during the period.

7. DIVIDENDS

- (a) Dividend attributable to the interim period

	Six months ended 30 June	
	2001 HK\$'000	2000 HK\$'000
Interim dividend declared after the interim period end of 8 cents per share (2000: 8 cents per share)	28,503	28,503

The interim dividend declared after the interim period end has not been recognised as a liability at the interim period end date.

7. DIVIDENDS (cont'd)

(b) Dividend attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2001 HK\$'000	2000 HK\$'000
Final dividend in respect of the previous financial year, approved and paid during the interim period, of 20 cents per share (2000: 20 cents per share)	<u>71,254</u>	<u>71,254</u>

8. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on a profit of HK\$258,247,000 (2000: HK\$110,931,000) and 356,273,883 (2000: 356,273,883) ordinary shares in issue during the period.

There were no potential ordinary shares in existence during the period or the corresponding period last year.

9. FIXED ASSETS

	Properties HK\$'000	Plant and equipment HK\$'000	Sub-total HK\$'000	Investment properties HK\$'000	Total HK\$'000
Cost or valuation:					
At 1 January 2001	293,261	830,617	1,123,878	179,500	1,303,378
Additions	166	358	524	—	524
Disposals	(142)	(42,240)	(42,382)	—	(42,382)
At 30 June 2001	<u>293,285</u>	<u>788,735</u>	<u>1,082,020</u>	<u>179,500</u>	<u>1,261,520</u>
Aggregate depreciation and impairment loss:					
At 1 January 2001	39,324	658,763	698,087	—	698,087
Charge for the period	2,498	8,722	11,220	—	11,220
Written back on disposals	(142)	(39,314)	(39,456)	—	(39,456)
Impairment loss	41,224	—	41,224	—	41,224
At 30 June 2001	<u>82,904</u>	<u>628,171</u>	<u>711,075</u>	<u>—</u>	<u>711,075</u>
Net book value:					
At 30 June 2001	<u><u>210,381</u></u>	<u><u>160,564</u></u>	<u><u>370,945</u></u>	<u><u>179,500</u></u>	<u><u>550,445</u></u>
At 31 December 2000	<u><u>253,937</u></u>	<u><u>171,854</u></u>	<u><u>425,791</u></u>	<u><u>179,500</u></u>	<u><u>605,291</u></u>

10. INVENTORIES

Included in inventories are spare parts and consumables of HK\$9,403,000 (at 31 December 2000: HK\$12,178,000) stated net of a provision made in order to state these inventories at the lower of their cost and estimated net realisable value.

11. DEBTORS AND PREPAYMENTS

Included in debtors and prepayments are trade debtors (net of specific provisions for bad and doubtful debts) with the following aging analysis:

	At 30 June 2001 HK\$'000	At 31 December 2000 HK\$'000
Current	958,263	35,949
1 to 3 months overdue	4,029	17,570
More than 3 months overdue but less than 12 months overdue	373	2,351
More than 12 months overdue	1,000	7,104
	<u>963,665</u>	<u>62,974</u>

Debts are due ranging from 7 to 45 days from the date of billing. Debtors with balances that are more than 60 days overdue are required to settle all outstanding balances before any further credit is granted.

12. CASH AND CASH EQUIVALENTS

	At 30 June 2001 HK\$'000	At 31 December 2000 HK\$'000
Deposits with banks and other financial institutions	28,203	95,000
Cash at bank and in hand	15,743	31,936
	<u>43,946</u>	<u>126,936</u>