

13. CREDITORS AND ACCRUED CHARGES

Included in creditors and accrued charges are trade creditors with the following aging analysis:

	At 30 June 2001 HK\$'000	At 31 December 2000 HK\$'000
Under 1 month or on demand	31,760	38,168
Over 1 month but under 3 months	49,654	39,157
Over 3 months but under 6 months	33,716	3,768
Over 6 months	1,092	—
	<u>116,222</u>	<u>81,093</u>

14. SHARE CAPITAL

	No. of share ('000)	Amount HK\$'000
<i>Authorised:</i>		
Ordinary shares of HK\$1 each at 1 January 2001 and 30 June 2001	<u>550,000</u>	<u>550,000</u>
<i>Issued and fully paid:</i>		
Ordinary shares of HK\$1 each at 1 January 2001 and 30 June 2001	<u>356,274</u>	<u>356,274</u>

15. RESERVES

	Share premium HK\$'000	Other property revaluation reserve HK\$'000	Securities revaluation reserve HK\$'000	Other capital reserves HK\$'000	Retained profits HK\$'000	Total HK\$'000
At January 2001						
– as previously reported	1,398,527	1,590,477	(9,053)	5,604	389,902	3,375,457
– prior period adjustments:						
dividends (note 2a&d)	—	—	—	—	71,254	71,254
restatement of property under development (note 2b&d)	—	(787,096)	—	—	—	(787,096)
– as restated	1,398,527	803,381	(9,053)	5,604	461,156	2,659,615
Dividend approved in respect of the previous financial year	—	—	—	—	(71,254)	(71,254)
Revaluation deficit	—	—	(2,970)	—	—	(2,970)
Realisation of revaluation reserves	—	(251,452)	238	—	—	(251,214)
Realisation of inter-company profits	—	—	—	(2)	—	(2)
Profit for the period	—	—	—	—	258,247	258,247
At 30 June 2001	<u>1,398,527</u>	<u>551,929</u>	<u>(11,785)</u>	<u>5,602</u>	<u>648,149</u>	<u>2,592,422</u>

16. CAPITAL AND OTHER COMMITMENTS

(a) Capital commitments outstanding not provided for in the Group's accounts were as follows:

	At 30 June 2001 HK\$'000	At 31 December 2000 HK\$'000
Contracted for	<u>326,215</u>	<u>346,018</u>

(b) At 30 June 2001, the Group had commitments for future development expenditure relating to properties under development for sale amounting to HK\$1,826,660,000 (at 31 December 2000: HK\$1,937,315,000), 50% of which was recoverable under the arrangement referred to in note 18.

17. CONTINGENT LIABILITIES

At 30 June 2001, there was a contingent liability in respect of a claim filed at the High Court of Hong Kong by the Secretary for Justice, representing the Hong Kong Government, against The Hongkong and Yauamati Ferry Company Limited (“HYF”), a wholly-owned subsidiary of the Company, and the Company in November 1999. The claim was for the sum of approximately HK\$55 million and other extra expenses in respect of a dispute over the reimbursement of certain costs incurred by the Hong Kong Government on the implementation of certain piling design to cater for the proposed redevelopment of the re-provided ferry piers in Central into new commercial and residential premises, which proposed redevelopment was not pursued due to high premium requested by the Government Lands Department. Based on legal advice, the Group is contesting this claim. In addition, HYF and the Company have made a counterclaim against the Government for the sum of approximately HK\$284 million, being costs relating to the redevelopment of the Central piers. Therefore, except for legal costs which have been incurred and charged to the profit and loss account, no provision for the claim or related legal cost to be incurred has been made in the accounts.

18. MATERIAL RELATED PARTY TRANSACTIONS

In 1999, the Group entered into a development agreement (“the Agreement”) with Henderson Land Development Company Limited (“HL”) and two wholly-owned subsidiaries of HL (“HL Sub”), whereby HL Sub acquired the right to 50% of any proceeds from the future sale of the part of the redevelopment intended for domestic use of Kowloon Inland Lot No. 11127 (“the Property”).

At 30 June 2001, the Group had received two instalments totalling HK\$600 million (at 31 December 2000: HK\$600 million). The remaining balance of HK\$900 million will be received in September 2001 and was included in debtors and prepayments at 30 June 2001, as the conditions set out in the Agreement had already been fulfilled by the Group as at that date.

As part of the Agreement, HL Sub agreed to reimburse the Group 50% of its development expenditures relating to the domestic portion of the Property. The amount recoverable from HL Sub in this regard amounted to HK\$70 million for the period ended 30 June 2001 (2000: HK\$19.3 million). As at 30 June 2001, an amount of HK\$43 million (at 31 December 2000: HK\$37 million) remained unpaid and was included in debtors and prepayments.

The Group also engaged another wholly-owned subsidiary of HL as the main contractor for a fee of 5% on all works relating to the redevelopment of the Property. No fee had been charged to the Group as at 30 June 2001. However, an amount of HK\$105.1 million (2000: HK\$Nil) was charged by the main contractor during the period for the superstructure work of the development. As at 30 June 2001, an amount of HK\$78 million (at 31 December 2000: HK\$11.2 million) remained unpaid and was included in creditors and accrued charges.

HL through its subsidiaries beneficially owns 64.28% of the entire issued share capital of Henderson Investment Limited, a substantial shareholder (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) of the Company.

18. MATERIAL RELATED PARTY TRANSACTIONS *(cont'd)*

Dr. Lee Shau Kee, a director of the Company, is interested in the above transactions as a substantial shareholder of HL.

The above transactions constituted connected transactions as defined in the Listing Rules and in respect of which the Group had complied with relevant requirements under Chapter 14 of the Listing Rules.

19. COMPARATIVE FIGURES

Certain comparative figures, namely turnover, cost of sales and administrative expenses in respect of certain agency transactions have been reclassified in order to conform with the presentation of the current period.