

6 FINANCE COSTS

	2001	2000
	HK\$'000	HK\$'000
Interest on overdrafts, bank loans and other loans		
-wholly repayable within five years	19,572	21,983
-not wholly repayable within five years	3,539	4,103
Interest element of finance leases	52	-
Interest element of land premium paid	6,242	7,395
Total borrowing costs incurred	29,405	33,481
Less : Amount capitalised in construction in progress and other fixed assets	(6,242)	(12,552)
	23,163	20,929

The capitalisation rate applied to the amount of borrowing costs being capitalised in construction in progress and other fixed assets is 6.75% per annum (2000: between 5.80% to 8.44% per annum).

7 RETIREMENT BENEFIT COSTS

- (a) All permanent staff, temporary staff and full time artistes signed in individual names (excluding singers and serial artistes), whose employment period reaches 60 days or more (collectively as "eligible members") located in Hong Kong are entitled to the Mandatory Provident Fund Scheme ("MPF Scheme").

The contributions to the MPF Scheme made by the group for permanent and temporary staff comprise mandatory contributions and voluntary contributions. The mandatory contribution is calculated at 5% of individual's "relevant income" with a maximum amount of HK\$1,000 per month and the voluntary contribution is calculated at 10% of individual's basic salary less the mandatory contribution. The group's contribution for full time artiste is 5% of artiste's "relevant income" with a maximum amount of HK\$1,000 per month. "Relevant income" includes salaries, wages, paid leave, fees, commissions, bonuses, gratuities, and allowances (excluding housing allowance/benefits, any redeemed payment and long service payment). All eligible members have to contribute 5% of the "relevant income" where "relevant income" is HK\$4,000 or more per month with a maximum amount of HK\$1,000 per month as the mandatory contributions. Eligible members may select to make additional voluntary contributions in addition to the mandatory contributions.

Employer's voluntary contributions shall be refunded to the group according to the vesting scale when the eligible members leave employment prior to vesting fully in the MPF Scheme.

Forfeited contributions totalling HK\$4,685,000 (2000: nil) were fully utilised during the year.

Contributions totalling HK\$6,824,000 (2000: HK\$6,638,000) were payable to the MPF Scheme at the year end and are included in accounts payable.

- (b) The retirement schemes which cover employees located in some overseas locations, except for Taiwan, are defined contribution schemes at various funding rates that are in accordance with the local practice and regulations.
- (c) The group operates a defined benefit retirement scheme providing benefits to eligible employees located in Taiwan under the local regulations. The group has an obligation to ensure that there are sufficient funds in the plan to pay the benefits earned. The group's contributions made to the scheme are in accordance with the minimum legal requirements whilst the employees are not required to contribute. The assets of the scheme are held separately from those of the group, being invested through a central trust fund.

The latest actuarial valuation was completed as at 31 December 2001 by an independent actuary using the projected unit credit cost method. The retirement scheme has been valued using the following principal assumptions: annual investment return of 4.00%, average annual increase in compensation rates of 3.00% and average discount rate of 4.25%. The latest actuarial valuation indicated that the fair value of the scheme's assets as at 31 December 2001 of HK\$8,221,000 covered approximately 64% of the estimated benefits. The liability in respect of the shortfall of contribution payable to the scheme of HK\$6,224,000 (2000: HK\$6,244,000) has been accrued as pension liability.

8 TAXATION

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profit for the year. 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:

	2001	2000
	HK\$'000	HK\$'000
Hong Kong profits tax	94,493	129,350
Overseas taxation	8,369	10,914
Over provisions in prior years	(44,821)	(1,602)
Deferred taxation (note 26)	53,092	1,964
	111,133	140,626

There was no material unprovided/unrecognised potential liability/asset for deferred taxation for the year (2000: nil).

9 PROFIT ATTRIBUTABLE TO SHAREHOLDERS

The profit attributable to shareholders is dealt with in the accounts of the company to the extent of HK\$623,257,000 (2000 as restated: HK\$813,219,000).

10 DIVIDENDS

	2001	2000
	HK\$'000	HK\$'000
Interim dividend paid of HK\$0.20 (2000: HK\$0.20) per ordinary share	87,600	87,600
Proposed final dividend of HK\$0.75 (2000: HK\$0.75) per ordinary share	328,500	328,500
	416,100	416,100

Notes:

- (a) The previously recorded final dividends proposed and declared after the balance sheet date but accrued in the accounts for the years ended 31 December 1999 and 2000 were HK\$262,800,000 and HK\$328,500,000 respectively. Under the group's new accounting policy as described in note 1(q), these have been written back against opening reserves as at 1 January 2000 and 2001 in note 24 and are now charged in the period in which they were proposed.
- (b) At a meeting held on 27 March 2002 the directors declared a final dividend of HK\$0.75 per ordinary share. This proposed dividend is not reflected as a dividend payable in these accounts, but will be reflected as an appropriation of retained earnings for the year ended 31 December 2002.

11 EARNINGS PER SHARE

The earnings per share is calculated based on the group's profit attributable to shareholders of HK\$596,250,000 (2000: HK\$774,151,000) and 438,000,000 shares in issue throughout the years ended 31 December 2001 and 2000.