



## Highlights

### Financial Highlights

- Turnover was HK\$2,002 million, down 17%.
- Profit attributable to shareholders was HK\$72 million, down 72%.
- Basic earnings per share were HK\$0.27, down 72%.
- Interim dividend per share was HK\$0.15, down 75%.

### Business Review

- The HKSAR government's recent suspension of sale of Home Ownership Scheme ("HOS") flats for ten months and the capping of annual sales of HOS units at 9,000 thereafter till end of March 2006 has reduced works opportunities for the Group in the already difficult construction market.
- The depressed public housing and private property sectors and the delay in construction of a number of infrastructural projects, coupled with wet weather in this past summer, have adversely affected the sales and profitability of concrete and quarrying operations.
- The site of Phase II of Rui Hong Xin Cheng residential development in Shanghai is being cleared. Construction work will commence in early 2002 and sales will start in the first quarter of 2003.
- TH Cement has become the largest high grade cement producer in Chongqing with an annual capacity of 2.8 million tonnes after acquiring 80% of the Diwei Cement Group. In Guizhou, the Group has acquired four cement operations and is building three new kilns, with combined capacity reaching 1.9 million tonnes of high grade cement by end of 2002. The Group will continue to expand into other strategic locations in Guizhou.

### Prospects

- In Hong Kong, the on-going restructuring of the economy has dampened market sentiment. Combined with the government's abrupt changes in housing policy, these have put unprecedented strain on the traditional sources of the Group's profitability.
- The Group has, however, planned well in advance to reposition its business both in Hong Kong and the Chinese Mainland, and has introduced cost saving measures to help bridge the anticipated profit gap.
- The rapidly expanding cement operations in Chongqing and Guizhou as well as property development business in Shanghai are anticipated to start making significant contributions to the Group's profit in two to three years.