

# INTERIM REPORT 2001-2002

## Notes on the Unaudited Interim Financial Statements

### (1) Basis of Preparation and Principal Accounting Policies

These unaudited condensed interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice ("SSAP") 25 "Interim financial reporting" issued by the Hong Kong Society of Accountants and Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

These condensed interim financial statements should be read in conjunction with the 2000/2001 audited financial statements.

The principal accounting policies and method of computation adopted for preparing these condensed interim financial statements are consistent with those followed in the Group's annual financial statements for the year ended 31 March 2001 except that the Group has changed certain of its accounting policies following its adoption of the following SSAPs issued by the Hong Kong Society of Accountants, which are effective for accounting periods commencing on or after 1 January 2001:

SSAP 9 (Revised)	: Events after the balance sheet date
SSAP 26	: Segment reporting
SSAP 28	: Provisions, contingent liabilities and contingent assets
SSAP 30	: Business combinations
SSAP 31	: Impairment of assets

#### (a) Dividends proposed or declared after the balance sheet date

In accordance with SSAP 9 (Revised), dividends proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed as a separate component in the notes to the financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior year adjustment which increases shareholders' funds at 31 March 2001 and 30 September 2001 by HK\$316 million and HK\$40 million respectively.

#### (b) Segment reporting

The segment information set out in Note (2) below is based on the requirements of SSAP 26. For management purposes, the Group has determined that business segments and their geographical segments are the basis on which the Group reports its primary and secondary segment information respectively. Segment disclosures for the same period in 2000 have been amended to conform with current period's presentation.

#### (c) Provisions

In accordance with SSAP 28, provisions are recognised when the Group has a present obligation as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

#### (d) Goodwill

In the current period, the Group has adopted SSAP 30 and elected not to restate goodwill/negative goodwill previously eliminated against/credited to reserves. Goodwill/negative goodwill arising on acquisitions prior to 1 April 2001 will continue to be held in reserves and will be charged/credited to income statement at the time of disposal of the relevant subsidiary, associate or jointly controlled entity. Any impairment loss identified in respect of goodwill previously eliminated against reserves is to be recognised as an expense in the income statement.

Goodwill arising on acquisitions on or after 1 April 2001 is capitalised and amortised on a straight-line basis over its estimated useful life. Negative goodwill arising on acquisitions on or after 1 April 2001 is presented as a deduction from assets, and will be released to income based on an analysis of the circumstances from which the balance resulted.

#### (e) Impairment of assets

SSAP 31 has introduced a formal framework for the recognition of impairment losses in respect of the Group's assets other than financial assets and investment properties.

With the exception of SSAP 9 (Revised), the adoption of the above accounting standards has had no material effect on amounts reported in prior years.

**(2) Segmental Information**

An analysis of the Group's turnover and results for the period by business segments is as follows:

	<b>Six months ended 30 September 2001</b>				<b>Six months ended 30 September 2000</b>			
	<i>HKS million</i>				<i>HKS million</i>			
	Turnover				Turnover			
	Total revenue	Inter-segment sales	External sales	Segment results	Total revenue	Inter-segment sales	External sales	Segment results
Construction and building maintenance	1,533	-	1,533	66	1,863	(408)	1,455	81
Sale of construction materials	436	(116)	320	24	451	(127)	324	33
Trading of building materials	8	-	8	(18)	-	-	-	(4)
Property development	134	-	134	1	623	-	623	162
Property investment	7	-	7	4	7	-	7	5
	<u>2,118</u>	<u>(116)</u>	<u>2,002</u>	<u>77</u>	<u>2,944</u>	<u>(535)</u>	<u>2,409</u>	<u>277</u>
Interest income				10				17
Other income				7				-
<b>Profit from operations</b>				<u>94</u>				<u>294</u>

An analysis of the Group's turnover and results for the period by geographical segments is as follows:

	<b>Six months ended 30 September 2001</b>			<b>Six months ended 30 September 2000</b>		
	<i>HKS million</i>			<i>HKS million</i>		
	Hong Kong	Other regions in the PRC	Total	Hong Kong	Other regions in the PRC	Total
<b>Turnover</b>						
External sales	<u>1,939</u>	<u>63</u>	<u>2,002</u>	<u>2,376</u>	<u>33</u>	<u>2,409</u>
<b>Results</b>						
Segment results	<u>79</u>	<u>(2)</u>	<u>77</u>	<u>275</u>	<u>2</u>	<u>277</u>
Interest income			10			17
Other income			7			-
<b>Profit from operations</b>			<u>94</u>			<u>294</u>

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### (3) Profit from Operations

	Six months ended 30 September	
	2001	2000
	<i>HK\$ million</i>	<i>HK\$ million</i>
Profit from operations has been arrived at after charging (crediting):		
Depreciation and amortisation		
Owned assets	30	30
Site establishment expenditure	4	5
	<u>34</u>	<u>35</u>
Less: Amount capitalised to construction jobs	(1)	(1)
	<u>33</u>	<u>34</u>
Unrealised holding gain on investment in listed securities	(7)	-
Interest on bank loans and overdrafts	2	56
Less: Amount capitalised to properties under development for sale	(1)	(55)
	<u>1</u>	<u>1</u>

### (4) Taxation

	Six months ended 30 September	
	2001	2000
	<i>HK\$ million</i>	<i>HK\$ million</i>
The charge comprises:		
Company and subsidiaries - Hong Kong profits tax	18	48
Jointly controlled entities - Hong Kong profits tax	-	2
	<u>18</u>	<u>50</u>

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

**(5) Dividends**

The Directors have declared an interim dividend of HK\$0.15 (2000: HK\$0.60) per share to shareholders whose names appear on the Company's register of members on Friday, 21 December 2001. The interim dividend will be paid on Wednesday, 9 January 2002.

	<b>Six months ended 30 September</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
□ Dividend paid during the period		
□ Final dividend for 2000/2001 at HK\$1.20 (2000: HK\$1.25) per share (see <i>Remark</i> )	316	327
□ Additional final dividend for shares issued pursuant to exercise of share options	<u>1</u>	<u>1</u>
	<u>317</u>	<u>328</u>
Proposed interim dividend of HK\$0.15 (2000: HK\$0.60) per share	<u>40</u>	<u>158</u>

*Remark:*

The previously recorded final dividends proposed and declared after the balance sheet date but accrued in the accounts for the years ended 31 March 2001 and 31 March 2000 amounted to HK\$316 million and HK\$327 million respectively. Under the Group's new accounting policy as described in Note (1)(a), these have been written back against retained profits as at 31 March 2001 and are now charged in the period in which they are proposed.

**(6) Earnings Per Share**

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>Six months ended 30 September</b>	
	<b>2001</b>	<b>2000</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
□ Earnings for the purposes of basic and diluted earnings per share	<u>72</u>	<u>254</u>
	<b>Million</b>	<b>Million</b>
Weighted average number of ordinary shares for the purposes of basic earnings per share	264	263
Effect of dilutive potential ordinary shares:		
Share options	<u>-</u>	<u>1</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>264</u>	<u>264</u>

**(7) Investments in Securities**

	<b>As at</b>	<b>As at</b>
	<b>30 September</b>	<b>31 March</b>
	<b>2001</b>	<b>2001</b>
	<b>HK\$ million</b>	<b>HK\$ million</b>
□ Other investments		
- equity securities, listed in Hong Kong	174	167
- equity securities, unlisted	<u>19</u>	<u>19</u>
	<u>193</u>	<u>186</u>