

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

1. Basis of Preparation

The condensed interim financial statements have been prepared in accordance with the Statement of Standard Accounting Practice (SSAP) No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The accounting policies adopted are consistent with those set out in the annual financial statements for the year ended 30th June 2000.

The condensed interim financial statements are unaudited, but have been reviewed by the Audit Committee.

2. Turnover and Profit from Operations

The Group's turnover and contribution to profit from operations before finance cost by principal activities are analysed as follows:

	Turnover		Profit from operations	
	Six months ended		before finance cost	
	31st December		Six months ended	
	2000		31st December	
	1999		2000	
	1999		1999	
Property sales	6,388	13,088	2,860	2,963
Rental income	2,651	2,628	2,003	2,025
Property management	424	392	146	134
Hotel operation	307	272	108	74
Other business activities	696	754	44	240
	10,466	17,134	5,161	5,436
Other revenue			208	157
Unallocated administrative expenses			(245)	(211)
			5,124	5,382

Turnover for the period ended 31st December 1999 has been restated to exclude interest income of HK\$235 million on bank deposits, reclassified as finance income, and investment income of HK\$2 million on securities investments, reclassified under other revenue, to conform with the new definition of the Group's turnover pursuant to the adoption of SSAP No. 1 (Revised) "Presentation of Financial Statements".

Turnover and contribution to profit from operations outside Hong Kong are immaterial.

3. Profit Before Taxation

During the period, depreciation charged in respect of the Group's fixed assets amounted to HK\$125 million (1999: HK\$91 million).

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

4. Taxation

	Six months ended 31st December	
	2000	1999
Hong Kong		
Group	322	425
Associates	58	22
Jointly controlled entities	22	35
	402	482

Hong Kong profits tax is provided at the rate of 16 per cent (1999: 16 per cent) based on the estimated assessable profits for the period.

5. Earnings Per Share

The calculation of earnings per share is based on profit attributable to shareholders of HK\$5,301 million (1999: HK\$5,253 million) and on 2,401 million shares (1999: 2,401 million shares) in issue during the period.

No diluted earnings per share is presented for the six months ended 31st December 1999 and 2000 as the exercises of the share options outstanding during the periods have no dilutive effect on the earnings per share.

6. Fixed Assets

During the period, additions to fixed assets amounted to HK\$7,456 million (1999: HK\$134 million), consisting of assets acquired (comprising properties, equipment, furniture, fixtures and vehicles) of HK\$6,987 million (1999: HK\$134 million) and transfer of property assets of HK\$469 million (1999: nil) from land pending development. Net book value of fixed assets disposed amounted to HK\$302 million (1999: HK\$46 million).

7. Trade and Other Receivables

Consideration in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Monthly rent in respect of leased properties are payable in advance by the tenants. Other trade debtors settle their accounts according to the payment terms as stated in contracts.

Included in trade and other receivables are trade debtors of HK\$1,111 million (as at 30th June 2000: HK\$1,186 million), of which 77 per cent aged less than 60 days, 3 per cent between 61 to 90 days and 20 per cent more than 90 days (as at 30th June 2000: 74 per cent, 7 per cent and 19 per cent respectively).

8. Trade and Other Payables

Included in trade and other payables are trade creditors of HK\$486 million (as at 30th June 2000: HK\$511 million), of which 67 per cent aged less than 60 days, 2 per cent between 61 to 90 days and 31 per cent more than 90 days (as at 30th June 2000: 75 per cent, 1 per cent and 24 per cent respectively).

Notes to the Interim Financial Statements

(Expressed in millions of Hong Kong dollars)

9. Share Capital

There were no movements in the share capital of the Company during the period ended 31st December 2000 and 31st December 1999.

10. Related Party Transactions

The following is a summary of significant transactions during the period between the Group and related parties, which were carried out at similar terms to other customers or suppliers and at market prices:

	Associates		Jointly controlled entities	
	Six months ended 31st December 2000	1999	Six months ended 31st December 2000	1999
Interest income	73	69	77	14
Rental income	31	25	2	2
Other revenue from services rendered	28	25	518	187
Purchase of goods and services	—	—	165	75

11. Contingent Liabilities and Commitments

The Group had contingent liabilities and commitments, so far as not provided for in the consolidated financial statements, as follows:

	31st December 2000	30th June 2000
(a) Capital commitments contracted for in respect of fixed assets	1,750	1,713
(b) Group's share of capital commitments of joint ventures:		
Contracted but not provided for	4,017	858
Authorised but not contracted for	123	209
(c) Guarantees given to banks and financial institutions in respect of facilities drawn by an associate and jointly controlled entities amounting to approximately HK\$1,463 million (as at 30th June 2000: HK\$1,463 million) and HK\$7,927 million (as at 30th June 2000: HK\$4,651 million) respectively.		

12. Comparative Figures

The presentation and classification of items in the interim financial statements have been changed due to the adoption of the requirements of SSAP No. 1 (Revised) "Presentation of Financial Statements". As a result, certain comparative figures have been reclassified to conform with current period's presentation.