

## NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 31st December, 2000

### 1. Accounting Policies

The condensed financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and investments in securities.

The condensed financial statements have been prepared in accordance with Statement of Standard Accounting Practice No. 25 "Interim financial reporting" ("SSAP 25") issued by the Hong Kong Society of Accountants, except that comparative figures are not presented either for the statement of recognised gains and losses or for the cash flow statement, being the first cash flow statement to be included in the interim financial report relating to accounting periods ended on or after 1st July, 2000. Such departures from SSAP 25 are permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules").

The accounting policies adopted are consistent with those followed in the Group's annual financial statements for the year ended 30th June, 2000.

### 2. Turnover And Contribution

The turnover and contribution of the Group analysed by activities are as follows:

	Six months ended 31st December			
	Turnover		Contribution	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Property rental, agency and management	181,935	188,783	117,274	122,599
Hotel operations and management	145,821	146,650	7,139	(9,538)
Infrastructure projects	272,770	204,767	247,865	184,355
Construction and project management	342,923	153,543	(1,227)	(5,057)
Treasury operations – interest income	16,122	41,487	16,122	41,487
Others	948	230	12,630	–
	960,519	735,460	399,803	333,846
Less: Unallocated administrative expenses			(25,189)	(25,154)
Profit from operations			374,614	308,692

## 2. Turnover And Contribution (continued)

The turnover and contribution of the Group analysed by geographical locations are as follows:

	Six months ended 31st December			
	Turnover		Contribution	
	2000 HK\$'000	1999 HK\$'000	2000 HK\$'000	1999 HK\$'000
Hong Kong	645,720	491,936	111,108	93,764
People's Republic of China ("PRC")	279,822	230,949	249,600	209,544
Others	34,977	12,575	13,906	5,384
	960,519	735,460	374,614	308,692

## 3. Finance Costs

	Six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
Interest on		
– Bank loans and overdrafts	229,421	239,084
– Notes payable	240,353	236,562
– Warranties payable	15,596	19,306
Notes issue expenses amortised	8,659	8,678
Other finance costs	10,903	6,816
	504,932	510,446
Less: Interest borne by a jointly controlled entity	(109,108)	(127,610)
Interest capitalised	(16,174)	(43,011)
	379,650	339,825

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### 4. Depreciation And Amortisation

Depreciation and amortisation charged to the income statement are as follows:

	Six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
Depreciation of property, plant and equipment	8,059	8,884
Amortisation of:		
– cost of investments in jointly controlled entities	16,602	16,878
– notes issue expenses	8,659	8,678
	33,320	34,440

### 5. Taxation

	Six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
The charge comprises:		
The Company and subsidiaries		
Hong Kong Profits Tax	1,669	906
Taxation elsewhere	14,198	(104)
	15,867	802
Jointly controlled entities		
Taxation elsewhere	5,440	7,353
Associates		
Hong Kong Profits Tax	401	462
Taxation elsewhere	2,874	1,539
	3,275	2,001
	24,582	10,156

Provision for Hong Kong Profits Tax is calculated at the rate of 16% (1999: 16%) on the estimated assessable profits for the period. Taxes on profits assessable elsewhere are calculated at rates prevailing in the countries in which the Group operates.

Deferred tax has not been provided on the surplus or deficit arising on revaluation of investment properties as the profits or losses arising from disposal of these assets would not be subject to taxation. Accordingly, the valuation surplus does not constitute a timing difference for deferred tax purposes.

## 6. Dividend

	Six months ended 31st December	
	2000 HK\$'000	1999 HK\$'000
Interim dividend at HK5 cents (1999: HK5 cents) per ordinary share payable	43,799	43,799

## 7. Earnings Per Share

The calculation of the basic earnings per share is based on the net profit attributable to shareholders for the six months ended 31st December, 2000 of HK\$159,909,000 (1999: HK\$69,690,000) and on 875,982,121 (1999: 875,982,121) ordinary shares in issue during the period.

Diluted earnings per share is not shown for the six months ended 31st December, 2000 as the Company did not have any dilutive potential shares outstanding throughout the period. Diluted earnings per share is not shown for the six months ended 31st December, 1999 because the exercise price of the share options then outstanding was higher than the average market price for shares for that period.

## 8. Interests In Jointly Controlled Entities

During the period, the Group completed the disposal of its 25% interest in a jointly controlled entity which undertakes the development and operation of a highway system in Shunde, the PRC, at a consideration of approximately HK\$662 million which gave rise to a gain on disposal of approximately HK\$375 million. After completion of the disposal, the Group still owns a 25% interest in the jointly controlled entity.

During the period, the subsidiary entered into a conditional agreement with the PRC joint venture partners for the disposal of the Group's interest in a jointly controlled entity which undertakes the property development project in Huanggang of Shenzhen, the PRC. The agreement for disposal is subject to approval of the relevant PRC authorities.

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### 9. Trade And Other Receivables

Other than rentals receivable, which are payable upon presentation of invoices, the Group allows an average credit period of 15 to 60 days to its trade customers.

The following is an analysis of trade and other receivables at the balance sheet date:

	As at	
	31.12.2000 HK\$'000	30.6.2000 HK\$'000
Receivables aged		
0 – 30 days	132,699	126,490
31 – 60 days	10,108	7,280
Over 60 days	30,243	105,882
Retention receivables	31,862	25,001
	<b>204,912</b>	<b>264,653</b>

### 10. Trade And Other Payables

The following is an analysis of trade and other payables at the balance sheet date:

	As at	
	31.12.2000 HK\$'000	30.6.2000 HK\$'000
Payables due		
0 – 30 days	435,034	224,728
31 – 60 days	195,638	178,545
Over 60 days	197,098	494,484
Retention payables	34,612	23,318
Development expenditure payable (Note)	695,440	696,884
	<b>1,557,822</b>	<b>1,617,959</b>

**Note:**

The development expenditure payable represents construction and plant costs incurred by certain subsidiaries of the Company in connection with the Group's overseas infrastructure projects, the development of which has been suspended. Payments for the expenditure are overdue and have been withheld by the subsidiaries pending the outcome of negotiations currently undertaken to recover the costs of investments in these projects.

## 11. Share Capital

	Number of ordinary shares of HK\$2.50 each '000	Nominal value HK\$'000
<b>Authorised:</b>		
At 30th June, 2000 and 31st December, 2000	1,200,000	3,000,000
<b>Issued and fully paid:</b>		
At 30th June, 2000 and 31st December, 2000	875,982	2,189,955

There were no changes in the share capital of the Company for the periods presented.

## 12. Long-Term Borrowings

	As at	
	31.12.2000 HK\$'000	30.6.2000 HK\$'000
Unsecured notes payable	4,534,211	4,523,178
Secured bank loans	5,370,976	5,738,179
Other unsecured loans	46,685	46,679
	9,951,872	10,308,036
Less: Portion due within one year included in current liabilities	(2,435,934)	(1,195,785)
	7,515,938	9,112,251

Included within secured bank loans at 31st December, 2000 are syndicated bank loans of approximately HK\$2,311 million which were on-lent to a joint venture company. Subsequent to 31st December, 2000, the joint venture company repaid these amounts in full to the Group out of its new bank loan facility and the Group, in turn, fully repaid the syndicated bank loans. Accordingly, the syndicated bank loans are included in portion due within one year.

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### 13. Charges On Assets And Others

- (a) The Group's investments in certain jointly controlled entities engaging in the development of infrastructure projects with an aggregate carrying value of approximately HK\$5,620 million (30.6.2000: HK\$5,191 million) are pledged to the lenders to secure the bank loan facilities to the extent of approximately HK\$3,527 million (30.6.2000: HK\$4,112 million) granted to the Group and its jointly controlled entities to finance the development of such projects. Other advances made by the Group to a jointly controlled entity amounted to HK\$6,037 million (30.6.2000: HK\$5,764 million) have been subordinated to such bank loans.
- (b) Other credit facilities of the Group were secured by mortgages or charges on the Group's properties, bank deposits and other assets with an aggregate carrying value of approximately HK\$6,900 million (30.6.2000: HK\$7,204 million).
- (c) The Group has granted an option to a third party to purchase a 5% interest in a subsidiary. The option can only be exercisable upon the future successful public floatation of this subsidiary at a price per share which would be the same as the share price of the subsidiary's shares available for public subscription.

### 14. Commitments And Contingencies

There have been no material changes in commitments and contingent liabilities of the Group since 30th June, 2000.