

Notes to the Financial Statements

For the year ended 31st March, 2001

7. FINANCE COSTS

	2001 HK\$'000	2000 HK\$'000
Interest on:		
Bank and other borrowings wholly repayable within five years	52,834	64,580
Redeemable exchangeable bond	11,592	–
Finance leases	1,155	867
Finance costs arising on convertible redeemable preference shares issued by a subsidiary	10,900	27,773
	<u>76,481</u>	<u>93,220</u>
Less: amount attributable to construction contracts and properties under development held for sale	20,093	20,318
	<u>56,388</u>	<u>72,902</u>

8. DIRECTORS' REMUNERATION

	2001 HK\$'000	2000 HK\$'000
Directors' fees:		
Executive	–	–
Independent non-executive	280	240
	<u>280</u>	<u>240</u>
Other emoluments – Executive Directors:		
Salary and other benefits	9,233	4,343
Performance related incentive payments	4,492	–
Retirement benefit schemes contributions	761	469
	<u>14,486</u>	<u>4,812</u>
	<u>14,766</u>	<u>5,052</u>

Notes to the Financial Statements

For the year ended 31st March, 2001

8. DIRECTORS' REMUNERATION (Cont'd)

Remuneration of the Directors were within the following bands:

	Number of directors	
	2001	2000
Up to HK\$1,000,000	4	3
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$3,000,001 to HK\$3,500,000	2	–
	<u> </u>	<u> </u>

9. EMPLOYEES' EMOLUMENTS

The five highest paid individuals included four directors (2000: one director), details of whose emoluments are set out above. The emoluments of the remaining one (2000: four) highest paid individual(s) are as follows:

	2001	2000
	HK\$'000	HK\$'000
Salary and other benefits	2,512	10,961
Performance related incentive payments	64	–
Retirement benefit schemes contributions	28	396
	<u> </u>	<u> </u>
	<u>2,604</u>	<u>11,357</u>

The emoluments were within the following bands:

	Number of employees	
	2001	2000
HK\$2,000,001 to HK\$2,500,000	–	1
HK\$2,500,001 to HK\$3,000,000	1	1
HK\$3,000,001 to HK\$3,500,000	–	2
	<u> </u>	<u> </u>
	<u>1</u>	<u>4</u>

Notes to the Financial Statements

For the year ended 31st March, 2001

10. TAXATION

	2001 HK\$'000	2000 HK\$'000
Provision for the year		
Hong Kong	8,632	18,999
Other jurisdictions	622	2,828
Overprovision in prior years		
Hong Kong	(13,797)	(2,202)
Other jurisdictions	(469)	(5)
Deferred taxation		
Current year (note 33)	–	(771)
Share of tax on results of associates	14,272	4,949
Share of tax on results of jointly controlled entities	7,879	3,378
	<u>17,139</u>	<u>27,176</u>

Hong Kong Profits Tax is calculated at 16 per cent. (2000: 16 per cent.) on the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

Details of the unprovided deferred taxation at the balance sheet date and the potential deferred taxation not provided for in the year are set out in note 33.

11. PROFIT FOR THE YEAR

Of the Group's profit for the year of HK\$176,168,000 (2000: HK\$160,388,000), a profit of HK\$185,249,000 (2000: a loss of HK\$16,450,000) has been dealt with in the financial statements of the Company.

12. DIVIDEND

	2001 HK\$'000	2000 HK\$'000
Interim dividend paid: Nil (2000: 4 cents per share on 675,560,034 ordinary shares)	–	27,022
Overprovision in previous year due to shares repurchased	–	(42)
	<u>–</u>	<u>26,980</u>

Notes to the Financial Statements

For the year ended 31st March, 2001

13. EARNINGS PER SHARE

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

	2001	2000
	HK\$'000	HK\$'000
Profit for the year	176,168	160,388
Effect of dilutive potential ordinary shares:		
Net finance cost saved on convertible redeemable preference shares issued by a subsidiary on conversion	10,900	27,773
Increase in minority interests arising from exercise of the share options issued by a subsidiary	(5,094)	(3,025)
Earnings for the purpose of diluted earnings per share	<u>181,974</u>	<u>185,136</u>
	Number of shares	
Weighted average number of ordinary shares for the purpose of basic earnings per share	744,272,856	673,134,978
Effect of dilutive potential ordinary shares:		
Convertible redeemable preference shares	44,213,891	135,614,035
Options	<u>1,328,905</u>	<u>123,297</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>789,815,652</u>	<u>808,872,310</u>

Note:

As the exercise price of warrants outstanding and expired during the year ended 31st March, 2001 was higher than the average market price of the Company's ordinary shares, there was no dilution effect on earnings per share.

Notes to the Financial Statements

For the year ended 31st March, 2001

14. PROPERTY, PLANT AND EQUIPMENT

THE GROUP

	Land and buildings	Leasehold improvements	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Vessels	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
COST							
At 1st April, 2000	65,537	15,178	355,160	27,407	18,449	91,061	572,792
Exchange realignment	-	-	108	23	100	696	927
Additions	-	154	9,762	1,069	1,227	9,405	21,617
Disposals	-	(2,089)	(109,469)	(773)	(4,568)	(815)	(117,714)
Disposal of subsidiaries	-	-	-	(124)	-	-	(124)
At 31st March, 2001	<u>65,537</u>	<u>13,243</u>	<u>255,561</u>	<u>27,602</u>	<u>15,208</u>	<u>100,347</u>	<u>477,498</u>
DEPRECIATION							
At 1st April, 2000	33,694	9,725	267,253	18,622	12,731	53,533	395,558
Exchange realignment	-	-	20	4	7	327	358
Provided for the year	8,863	2,888	21,514	3,486	1,537	8,451	46,739
Eliminated on disposals	-	(2,089)	(103,760)	(734)	(4,324)	(746)	(111,653)
At 31st March, 2001	<u>42,557</u>	<u>10,524</u>	<u>185,027</u>	<u>21,378</u>	<u>9,951</u>	<u>61,565</u>	<u>331,002</u>
NET BOOK VALUES							
At 31st March, 2001	<u>22,980</u>	<u>2,719</u>	<u>70,534</u>	<u>6,224</u>	<u>5,257</u>	<u>38,782</u>	<u>146,496</u>
At 31st March, 2000	<u>31,843</u>	<u>5,453</u>	<u>87,907</u>	<u>8,785</u>	<u>5,718</u>	<u>37,528</u>	<u>177,234</u>

The net book values of leasehold land and buildings shown above comprise:

	2001 HK\$'000	2000 HK\$'000
Medium-term leases in Hong Kong	5,580	5,834
Medium-term leases outside Hong Kong	16,835	25,333
Short term leases outside Hong Kong	565	676
	<u>22,980</u>	<u>31,843</u>

The net book value of property, plant and equipment includes an amount of approximately HK\$3,599,000 (2000: HK\$11,199,000) in respect of plant and machinery held under finance leases.

Notes to the Financial Statements

For the year ended 31st March, 2001

15. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2001	2000
	HK\$'000	HK\$'000
Unlisted shares, at cost	124,144	124,144
Amounts due from subsidiaries	1,303,743	772,135
	<u>1,427,887</u>	<u>896,279</u>

The carrying amount of the unlisted shares is based on the book value of the underlying net tangible assets of the subsidiaries as at the date on which they were acquired by the Company at the time of the group reorganisation in 1992.

Details of the Company's principal subsidiaries at 31st March, 2001 are set out in note 48.

16. SUBSIDIARY NOT CONSOLIDATED

	THE GROUP	
	2001	2000
	HK\$'000	HK\$'000
Share of net liabilities of subsidiary not consolidated	(5)	—
Unrealised gain of interest charged to subsidiary not consolidated	(348)	—
	<u>(353)</u>	<u>—</u>

Details of the subsidiary not consolidated as at 31st March, 2001 are as follows:

Name of subsidiary	Place of incorporation	Proportion of nominal value of issued ordinary capital held indirectly by the Company %	Principal activity
Supertime Holdings Limited ("Supertime")	Hong Kong	51	Property development

Notes to the Financial Statements

For the year ended 31st March, 2001

16. SUBSIDIARY NOT CONSOLIDATED (Cont'd)

The net profit of the unconsolidated subsidiary attributable to the Group is:

	<i>HK\$'000</i>
Dealt with in the consolidated financial statements	7
Not dealt with in the consolidated financial statements	-

Pursuant to a shareholders' agreement dated 13th June, 2000, the Group has no control over Supertime. For this reason, the financial statements of Supertime have not been consolidated as, in the opinion of the directors, it would be misleading to do so.

As the Group is still in a position to exercise significant influence, including participation in financial and operating policy decisions, Supertime is accounted for using equity method of accounting.

17. INTERESTS IN ASSOCIATES

	THE GROUP	
	2001	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets of associates	1,905,319	1,758,689
Amounts due from associates	-	16,687
	<u>1,905,319</u>	<u>1,775,376</u>

The amounts due from associates as at 31st March, 2000 were unsecured, interest free and were settled during the year.

Notes to the Financial Statements

For the year ended 31st March, 2001

17. INTERESTS IN ASSOCIATES (Cont'd)

Details of the associates of the Group as at 31st March, 2001 are as follows:

Name of associate	Form of business structure	Place of incorporation or registration/operation	Proportion of nominal value of issued ordinary capital held indirectly by the Company %	Principal activities
Grand Plan Development Limited	Incorporated	Republic of China	25	Property development
Hong Kong Landfill Restoration Group Limited	Incorporated	Hong Kong	23	Civil engineering
Kong On Waste Management Limited	Incorporated	Hong Kong	50	Environmental and waste management
Medidas Greater China Limited	Incorporated	British Virgin Islands	45	Internet service
Oceanblue Holdings Limited	Incorporated	British Virgin Islands	40	Not yet commenced business
Road King Infrastructure Limited ("Road King")	Incorporated	Bermuda	49.998 (note)	Investment in and the development, operation and management of toll highways and expressways

Notes to the Financial Statements

For the year ended 31st March, 2001

17. INTERESTS IN ASSOCIATES (Cont'd)

Note: Road King was incorporated in Bermuda with limited liability and is also a company listed on the Stock Exchange. Extracts from the published financial information of Road King are set out below.

Operating results:

	1.1.2001 to 31.3.2001 HK\$'000 (unaudited)	1.1.2000 to 31.12.2000 HK\$'000 (audited)	1.1.1999 to 31.12.1999 HK\$'000 (audited)
Toll revenue	7,026	28,078	27,017
Minimum income undertakings	36,991	222,288	216,133
Sales of goods	21,576	25,408	–
Turnover	<u>65,593</u>	<u>275,774</u>	<u>243,150</u>
Gain on disposal of interest in an infrastructure joint venture	–	–	211,751
Profit from ordinary activities before taxation	100,320	449,421	625,517
Profit from ordinary activities before taxation attributable to the Group	<u>42,233</u>	<u>199,031</u>	<u>286,958</u>

Financial position:

	31.12.2000 HK\$'000 (audited)	31.12.1999 HK\$'000 (audited)
Non-current assets	4,859,620	4,614,296
Current assets	868,749	1,083,998
Current liabilities	(235,815)	(232,643)
Non-current liabilities	(1,239,589)	(1,378,729)
Minority interests	(84,776)	(19,969)
Net assets	<u>4,168,189</u>	<u>4,066,953</u>
Net assets attributable to the Group	<u>1,854,167</u>	<u>1,723,230</u>

Market value of shares in Road King at 31st March, 2001 amounted to HK\$733,894,000 (2000: HK\$1,078,672,000).

Notes to the Financial Statements

For the year ended 31st March, 2001

17. INTERESTS IN ASSOCIATES (Cont'd)

In the year ended 31st December, 2000, Road King has, for the first time, early adopted seven revised or new Statements of Standard Accounting Practices ("SSAPs") issued by the Hong Kong Society of Accountants, which will be adopted by the Group in the financial year ending 31st March, 2002. The effect of the change has been to increase the shareholders' funds of Road King at 31st December, 1999 by HK\$116,134,000, to decrease shareholders' funds of Road King at 31st December, 2000 by HK\$9,278,000 and to increase the profit of Road King for the year ended 31st December, 2000 by HK\$12,186,000.

The audited operating results and financial position of Road King presented herein reflect the adoption of the new SSAPs.

The financial effect of the early adoption of the new SSAPs by Road King has been adjusted for by the Group arriving at the amounts reflected in the Group's financial statements using the equity method of accounting.

18. INTERESTS IN JOINT VENTURES

	THE GROUP		THE COMPANY	
	2001	2000	2001	2000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Share of net assets of jointly controlled entities	135,784	65,900	-	-
Amounts due from a jointly controlled entity	37,383	-	37,383	-
Unrealised gains of interest charged (note a)	(2,350)	-	-	-
Unrealised gains of construction contract (note b)	(26,514)	-	-	-
	<u>144,303</u>	<u>65,900</u>	<u>37,383</u>	<u>-</u>

The amount due from a jointly controlled entity is unsecured, interest free and will not be repayable within twelve months from the balance sheet date.