

## 1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company and the activities of its principal subsidiaries and associates, and a jointly controlled entity are set out in notes 49 and 18, respectively.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and investments in securities, and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31st March each year.

The results of subsidiaries, associates and jointly controlled entities acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

On the acquisition of a business, including an interest in a subsidiary, an associate or a jointly controlled entity, any goodwill or negative goodwill arising, which represents the excess or shortfall of the purchase consideration over the fair value of the Group's share of the separable net assets of the business acquired at the date of acquisition, is written off or credited directly to reserves, respectively, in the year of acquisition.

Upon the disposal of a business, the attributable amount of purchased goodwill or negative goodwill relating to that business which had previously been written off or credited directly to reserves, respectively, is included in the determination of the gain or loss on disposal of the business and reflected in the income statement.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

### **Investment properties**

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length. Investment properties are stated at their open market values based on independent professional valuations at the balance sheet date. No depreciation is provided on investment properties except where the unexpired term of the relevant lease, including the renewable period, is twenty years or less.

Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance of the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged. On disposal of an investment property, the balance of the investment property revaluation reserve attributable to that property is transferred to the income statement.

FOR THE YEAR ENDED 31ST MARCH, 2001

**2. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***Property, plant and equipment**

Property, plant and equipment is stated at cost less depreciation and amortisation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

Hotel properties are stated at cost and no depreciation is provided on hotel properties held on leases of more than twenty years. It is the Group's practice to maintain the properties in a continual state of sound repair and maintenance and accordingly, the directors consider that depreciation is not necessary due to their high residual value. The related maintenance expenditure is dealt with in the income statement in the year of expenditure.

The gain or loss arising from disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, its carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

No amortisation is provided for freehold land. The cost of leasehold land is amortised over the remaining period of the relevant leases using the straight line method.

The cost of buildings is depreciated over the remaining period of the relevant leases or fifty years, whichever is shorter, using the straight line method.

Depreciation is provided to write off the cost of other assets over their estimated useful lives, using the straight line method, at rates ranging from 10% to 33 $\frac{1}{3}$ % per annum.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as assets owned by the Group or over the terms of the relevant leases, whichever is shorter.

Assets held under hire purchase contracts are depreciated over their expected useful lives on the same basis as assets owned by the Group.

**Properties held under development**

Properties held under development which are intended to be held for long term investment purposes on completion are stated at cost less impairment losses recognised. Cost comprises the acquisition cost, borrowing costs capitalised and other direct costs attributable to such properties.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### **Properties under development held for resale**

Properties under development held for resale are classified under current assets and are stated at the lower of cost and net realisable value. Cost comprises the acquisition cost, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to management estimates of the selling price based on prevailing market conditions, less all estimated costs to be incurred in marketing and selling.

### **Investments in subsidiaries**

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital or registered capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost, as reduced by any impairment losses recognised.

### **Interests in associates**

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The consolidated income statement includes the Group's share of the post-acquisition results of the associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of net assets of the associates.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate, except where unrealised losses provide evidence of an impairment of the asset transferred.

### **Joint ventures**

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

### **Interests in jointly controlled entities**

Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the relevant jointly controlled entities. The Group's share of post-acquisition results of jointly controlled entities is included in the consolidated income statement.

When the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant jointly controlled entity, except where unrealised losses provide evidence of an impairment of the asset transferred.

## 2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

### Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. The annual amortisation of any discount or premium on the acquisition of a held-to-maturity security is aggregated with other investment income receivable over the term of the instrument so that the revenue recognised in each period represents a constant yield on the investment.

Investments other than held-to-maturity debt securities are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss that is other than temporary.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

### Other long term investments

Other long term investments are stated at cost less any impairment loss that is other than temporary.

### Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the balance sheet date on the same basis as contract revenue. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred. Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profit less recognised loss exceed progress billings, the excess is shown as amount due from a customer for contract work. Where progress billings exceed contract costs incurred to date plus recognised profit less recognised loss, the excess is shown as amount due to a customer for contract work.

### Convertible bonds

Convertible bonds are separately disclosed and regarded as liabilities unless conversion actually occurs. The finance cost, including the premium payable upon the final redemption of the convertible bonds, recognised in the income statement in respect of the convertible bonds is calculated so as to produce a constant periodic rate of charge on the remaining balances of the convertible bonds for each accounting period.

The costs incurred in connection with the issue of the convertible bonds are deferred and amortised on a straight line basis over the lives of the convertible bonds from the date of issue of the bonds to their final redemption date. If any of the bonds are converted, redeemed or purchased and cancelled prior to the final redemption date, an appropriate portion of any remaining unamortised costs will be charged immediately to the income statement.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Assets held under finance leases and hire purchase contracts

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases or hire purchase contracts are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor or hirer, net of interest charges, is included in the balance sheet as a finance lease or hire purchase obligation. Finance costs, which represent the difference between the total commitments and the outstanding principal amount at the inception of the finance leases or hire purchase contracts, are charged to the income statement over the period of the relevant leases or contracts so as to produce a constant periodic rate of charge on the remaining balances of the obligations for each accounting period.

All other leases are classified as operating leases and the rentals payable are charged to the income statement on a straight line basis over the terms of the relevant leases.

### Turnover

Turnover represents the total value of contract work certified and the gross proceeds received and receivable from project management services in connection with contract work rendered by the Group, revenue generated from hotel operations, property rental and related income, and gross proceeds received and receivable from sale of property during the year.

### Revenue recognition

Revenue from a fixed price construction contract is recognised on the percentage of completion method, measured by reference to the value of work certified during the year.

Income from properties pre-sold prior to completion of development is recognised over the period from the execution of a binding sales agreement to the completion of development on the percentage of completion method, measured by reference to the value of work certified during the year.

Where purchasers fail to pay the balance of the purchase price on completion and the Group exercises its entitlement to resell the property, sales deposits received in advance of completion are forfeited. The excess or short fall between the sales deposits forfeited and the profits recognised up to the date of forfeiture is credited or charged to the income statement.

Revenue from hotel operations is recognised when services are rendered.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable.

Rental income under operating leases is recognised on a straight line basis over the terms of the relevant leases.

FOR THE YEAR ENDED 31ST MARCH, 2001

**2. SIGNIFICANT ACCOUNTING POLICIES** *(Continued)***Capitalisation of borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

**Retirement benefit schemes**

The amount of the contributions payable in respect of the current year to the Group's defined contribution retirement benefit schemes is charged to the income statement.

**Taxation**

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

**Foreign currencies**

Transactions in foreign currencies are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements of operations which are denominated in foreign currencies are translated at the rates ruling on the balance sheet date. All exchange differences arising on translation are dealt with in reserves.

**Cash equivalents**

Cash equivalents represent short term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired, less advances from banks repayable within three months from the date of the advances.

### 3. SEGMENTAL INFORMATION

Analyses of the Group's turnover and profit from operations by business segments and by geographical segments are as follows:

|   | Turnover          |                  | Profit from operations |                  |
|---|-------------------|------------------|------------------------|------------------|
|   | 2001<br>HK\$'000  | 2000<br>HK\$'000 | 2001<br>HK\$'000       | 2000<br>HK\$'000 |
| Business segments:                            |                   |                  |                        |                  |
| Construction and other contracting businesses | 10,687,576        | 11,054,854       | 176,799                | 293,731          |
| Hotel operations                              | 5,033             | –                | (14,197)               | –                |
| Property letting                              | 47,572            | 56,824           | 23,153                 | 42,100           |
| Sale of property                              | 63,074            | –                | 34,767                 | –                |
|   | <b>10,803,255</b> | 11,111,678       | <b>220,522</b>         | 335,831          |
| Geographical segments:                        |                   |                  |                        |                  |
| Hong Kong                                     | 6,329,493         | 6,346,548        | 9,403                  | 46,424           |
| Australia                                     | 2,442,551         | 2,262,553        | 120,772                | 126,260          |
| New Zealand and South Pacific Region          | 1,902,520         | 1,644,626        | 120,142                | 68,006           |
| South East Asia, other than Hong Kong         | 103,009           | 503,821          | (11,505)               | 22,572           |
| Others  | 25,682            | 354,130          | (18,290)               | 72,569           |
|   | <b>10,803,255</b> | 11,111,678       | <b>220,522</b>         | 335,831          |

Note: Turnover figure for the year ended 31st March, 2000 has been restated to include revenue from property letting of approximately HK\$56,824,000 in order to conform with the new definition of the Group's turnover as set out in note 2.

In addition, certain comparative figures shown in the consolidated income statement have also been reclassified to conform with the current year's presentation.

FOR THE YEAR ENDED 31ST MARCH, 2001

## 4. PROFIT FROM OPERATIONS

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Profit from operations has been arrived at after charging:             |                  |                  |
| Auditors' remuneration   | 6,503            | 5,893            |
| Depreciation and amortisation ( <i>note (a) below</i> )                | 347,575          | 394,120          |
| Operating lease rental payments in respect of:                         |                  |                  |
| Premises   | 24,140           | 23,927           |
| Plant and machinery  | 84,321           | 138,523          |
| Loss on disposal of property, plant and equipment                      | 2,269            | 15,877           |
| Staff costs ( <i>note (b) below</i> )                                  | 1,146,456        | 1,218,876        |
| and after crediting:   |                  |                  |
| Rental income under operating leases in respect of:                    |                  |                  |
| Premises, net of outgoings of HK\$12,871,000<br>(2000: HK\$16,708,000) | 21,470           | 44,334           |
| Plant and machinery  | 941              | 878              |

## Notes:

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| (a) Depreciation and amortisation:   |                  |                  |
| Owned assets   | 320,327          | 366,940          |
| Assets held under finance leases and hire purchase contracts   | 31,777           | 41,945           |
|  | 352,104          | 408,885          |
| Less: Amount capitalised in respect of contracts in progress   | (4,529)          | (14,765)         |
|  | 347,575          | 394,120          |
| (b) Staff costs:   |                  |                  |
| Directors' remuneration:   |                  |                  |
| Fees   | 100              | 100              |
| Other emoluments   | 28,501           | 20,127           |
|  | 28,601           | 20,227           |
| Other staff costs:   |                  |                  |
| Salaries and allowances  | 1,569,152        | 1,671,418        |
| Retirement benefit scheme contributions, net of<br>forfeited contributions of approximately<br>HK\$3,238,000 (2000: HK\$1,284,000) | 43,377           | 46,357           |
|  | 1,641,130        | 1,738,002        |
| Less: Amount capitalised in respect of contracts in progress   | (494,674)        | (519,126)        |
|  | 1,146,456        | 1,218,876        |



## 5. FINANCE COSTS

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Borrowing costs on:  |                  |                  |
| Amortisation of deferred expenditure on convertible bonds  | 4,409            | 5,290            |
| Bank borrowings wholly repayable within five years   | 49,197           | 97,357           |
| Bank borrowings not wholly repayable within five years   | 58,290           | 28,058           |
| Convertible bonds, including amortisation of premium payable upon final redemption of the convertible bonds                                      | 45,467           | 66,517           |
| Convertible notes  | 26,833           | 14,037           |
| Obligations under finance leases and hire purchase contracts   | 15,734           | 34,392           |
| Others   | 20,922           | 21,714           |
|  | <b>220,852</b>   | 267,365          |
| Less: Amount capitalised in respect of properties held under development, properties under development held for resale and contracts in progress | <b>(9,202)</b>   | (47,135)         |
|  | <b>211,650</b>   | 220,230          |

During the year ended 31st March, 2000, borrowing costs capitalised in respect of general borrowings were at a capitalisation rate of approximately 8%.

## 6. INVESTMENT (EXPENSES) INCOME – NET

|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|------------------|------------------|
| Dividend income from investments in:  |                  |                  |
| Listed securities   | 2,987            | 485              |
| Unlisted securities   | 24               | 623              |
| Interest income   | 137,996          | 76,636           |
| Net realised and unrealised holding (loss) gain on listed other investments | (18,728)         | 344,119          |
| Gain (loss) on disposal of:   |                  |                  |
| Listed investment securities  | -                | 43,755           |
| Unlisted investment securities  | 21,354           | -                |
| Listed other investments  | (155,771)        | (68,077)         |
| Unlisted other investments  | -                | 42,163           |
| Listed long term investments  | -                | 125,367          |
| Unlisted short term investments   | -                | 31,000           |
| Deficit arising on revaluation of investment properties                     | (13,000)         | (5,000)          |
| Impairment losses recognised in respect of property interests               | -                | (484,157)        |
| Amortisation of redemption premium of debt securities                       | 6,396            | 1,799            |
| Impairment losses recognised in respect of investment securities:           |                  |                  |
| Listed  | -                | (6,258)          |
| Unlisted  | -                | (8,076)          |
|   | <b>(18,742)</b>  | 94,379           |

FOR THE YEAR ENDED 31ST MARCH, 2001

**7. (LOSS) GAIN ON DISPOSAL AND DILUTION OF INTERESTS IN SUBSIDIARIES AND ASSOCIATES**

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Loss on disposal and dilution of interests in subsidiaries | (333,916)        | (196,806)        |
| Gain on disposal of associates                             | -                | 368,212          |
|  | <b>(333,916)</b> | 171,406          |

**8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS**

Particulars of the emoluments of the directors and five highest paid individuals for the year were as follows:

**(a) Directors' emoluments**

|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|------------------|------------------|
| Fees:                                   |                  |                  |
| Executive directors                     | 40               | 40               |
| Non-executive directors                 | 60               | 60               |
|   | <b>100</b>       | 100              |
| Other emoluments:                       |                  |                  |
| Executive directors                     |                  |                  |
| Salaries and other benefits             | 17,619           | 17,477           |
| Discretionary bonus                     | 9,000            | 735              |
| Retirement benefit scheme contributions | 882              | 915              |
| Non-executive directors                 |                  |                  |
| Salaries and other benefits             | 1,000            | 1,000            |
|   | <b>28,501</b>    | 20,127           |
|   | <b>28,601</b>    | 20,227           |

The amounts disclosed above include directors' fee of HK\$20,000 (2000: HK\$20,000) and other emoluments of HK\$1,000,000 (2000: HK\$1,000,000) paid to independent non-executive directors.

The emoluments of the directors were within the following bands:

|                                | Number of directors |      |
|--------------------------------|---------------------|------|
|                                | 2001                | 2000 |
| Nil to HK\$1,000,000           | 6                   | 8    |
| HK\$3,500,001 to HK\$4,000,000 | -                   | 1    |
| HK\$4,000,001 to HK\$4,500,000 | -                   | 2    |
| HK\$6,000,001 to HK\$6,500,000 | 1                   | 1    |
| HK\$6,500,001 to HK\$7,000,000 | 1                   | -    |
| HK\$7,000,001 to HK\$7,500,000 | 2                   | -    |

## 8. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

### (b) Employees' emoluments

The five highest paid individuals in the Group for the year ended 31st March, 2001 included four (2000: four) directors, details of whose emoluments are included in paragraph (a) above. Particulars of the emoluments of the remaining one (2000: one) individual are as follows:

|                             | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|-----------------------------|------------------|------------------|
| Salaries and other benefits | 2,492            | 3,975            |
| Discretionary bonus         | 3,000            | 13,157           |
|                             | <b>5,492</b>     | <b>17,132</b>    |

During the year, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors has waived any emoluments during the year.

## 9. TAXATION

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| The charge comprises:                                  |                  |                  |
| Hong Kong Profits Tax:                                 |                  |                  |
| Current year   | 58,756           | 40,234           |
| Underprovision in previous years                       | 30               | 6,833            |
|  | <b>58,786</b>    | <b>47,067</b>    |
| Overseas taxation                                      | 25,586           | 45,666           |
| Share of tax on results of associates                  | 5,278            | 8,384            |
| Share of tax on results of a jointly controlled entity | 13               | -                |
|  | <b>89,663</b>    | <b>101,117</b>   |
| Deferred taxation                                      | (39,710)         | (4,814)          |
|  | <b>49,953</b>    | <b>96,303</b>    |

Hong Kong Profits Tax is calculated at the rate of 16% (2000: 16%) of the estimated assessable profits derived from Hong Kong for the year.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

Details of deferred taxation are set out in note 33.

FOR THE YEAR ENDED 31ST MARCH, 2001

**10. (LOSS) PROFIT FOR THE YEAR**

Of the Group's loss for the year of approximately HK\$469,820,000 (2000: profit of HK\$288,168,000), a profit of approximately HK\$736,000 (2000: HK\$69,930,000) has been dealt with in the financial statements of the Company.

**11. DIVIDENDS**

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Interim dividend paid – 1.0 cent per share<br>(2000: 1.0 cent per share)   | 9,801            | 9,767            |
| Final dividend proposed – 1.0 cent per share<br>(2000: 1.0 cent per share) | 9,925            | 9,801            |
|  | <b>19,726</b>    | 19,568           |
| Underprovision in prior year   | <b>51</b>        | 2,559            |
|  | <b>19,777</b>    | 22,127           |

Of the final dividend for the year ended 31st March, 2000 and the interim dividend for the year ended 31st March, 2001, approximately HK\$2,333,000 and HK\$2,227,000 were settled in shares under the Company's scrip dividend schemes announced by the directors of the Company on 11th August, 2000 and 15th December, 2000, respectively. The amounts were credited to the accumulated profits during the year (*note 37*).

The amount of the final dividend proposed for the year ended 31st March, 2001, which will be in scrip form with a cash option, has been calculated by reference to the 992,488,392 issued ordinary shares outstanding as at the date of this report. The final dividend proposed is subject to approval by the shareholders in the forthcoming annual general meeting.

## 12. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share for the year is based on the following data:

|  | 2001<br>HK\$'000   | 2000<br>HK\$'000 |
|--|--------------------|------------------|
| (Loss) earnings:   |                    |                  |
| (Loss) earnings for the purposes of basic (loss) earnings per share                              | <b>(469,820)</b>   | 288,168          |
| Effect of dilutive potential ordinary shares:  |                    |                  |
| Adjustment to the share of results of subsidiaries based on dilution of their earnings per share | <b>(7,866)</b>     | (10,540)         |
| (Loss) earnings for the purposes of diluted (loss) earnings per share                            | <b>(477,686)</b>   | 277,628          |
| Number of shares:  |                    |                  |
| Weighted average number of ordinary shares for the purposes of basic (loss) earnings per share   | <b>981,793,807</b> | 865,504,162      |
| Effect of dilutive potential ordinary shares:  |                    |                  |
| Share options  | -                  | 8,155,833        |
| Warrants   | -                  | 3,940,584        |
| Secured convertible redeemable note  | -                  | 50,772,876       |
| Weighted average number of ordinary shares for the purposes of diluted (loss) earnings per share | <b>981,793,807</b> | 928,373,455      |

For the year ended 31st March, 2001, the computation of diluted loss per share does not assume the conversion of the Company's share options, warrants, secured convertible redeemable note and convertible bonds since their exercise would result in a decrease in net loss per share from continuing operations.

For the year ended 31st March, 2000, the computation of diluted earnings per share did not assume the conversion of the Company's outstanding convertible bonds since their exercise would result in an increase in net profit per share from continuing operations.

FOR THE YEAR ENDED 31ST MARCH, 2001

**13. INVESTMENT PROPERTIES**

|                                | <b>THE GROUP</b> |           |
|--------------------------------|------------------|-----------|
|                                | <b>2001</b>      | 2000      |
|                                | <b>HK\$'000</b>  | HK\$'000  |
| VALUATION                      |                  |           |
| Balance brought forward        | <b>598,130</b>   | 1,454,430 |
| Disposals                      | -                | (12,200)  |
| On disposal of subsidiaries    | -                | (839,100) |
| Deficit arising on revaluation | <b>(13,000)</b>  | (5,000)   |
| Balance carried forward        | <b>585,130</b>   | 598,130   |

The Group's investment properties are held for rental purposes under operating leases. They were revalued on 31st March, 2001, on an open market value basis, by RHL Appraisal Ltd., an independent professional valuer. The valuation attributable to the investment properties amounted to approximately HK\$585,130,000 (2000: HK\$598,130,000) and the deficit arising on revaluation of these properties amounting to approximately HK\$13,000,000 (2000: HK\$5,000,000) has been charged to the income statement.

The carrying amount of investment properties held by the Group as at the balance sheet date comprises the following:

|   | <b>2001</b>     | 2000     |
|---|-----------------|----------|
|   | <b>HK\$'000</b> | HK\$'000 |
| Long term leasehold properties in<br>The People's Republic of China (the "PRC") | <b>6,130</b>    | 8,130    |
| Medium term leasehold properties in:  |                 |          |
| Hong Kong   | <b>539,000</b>  | 539,000  |
| PRC   | <b>40,000</b>   | 51,000   |
|   | <b>585,130</b>  | 598,130  |

## 14. PROPERTY, PLANT AND EQUIPMENT

|  | Hotel<br>properties | Land and<br>buildings | Plant and<br>machinery | Motor<br>vehicles<br>and yachts | Furniture<br>and<br>fixtures | Total       |
|--|---------------------|-----------------------|------------------------|---------------------------------|------------------------------|-------------|
|  | HK\$'000            | HK\$'000              | HK\$'000               | HK\$'000                        | HK\$'000                     | HK\$'000    |
| <b>THE GROUP</b>                                   |                     |                       |                        |                                 |                              |             |
| COST   |                     |                       |                        |                                 |                              |             |
| At 1st April, 2000                                 | –                   | 548,880               | 4,163,553              | 168,184                         | 153,798                      | 5,034,415   |
| Translation adjustments                            | –                   | (22,469)              | (756,130)              | (20,268)                        | (13,148)                     | (812,015)   |
| On acquisition of subsidiaries                     | –                   | –                     | 68,355                 | 35                              | 2,387                        | 70,777      |
| Other additions                                    | –                   | 3,005                 | 343,201                | 9,864                           | 24,930                       | 381,000     |
| Transfer from properties held<br>under development | 560,000             | –                     | –                      | –                               | 52,540                       | 612,540     |
| Disposals  | –                   | (17,988)              | (159,123)              | (12,713)                        | (1,705)                      | (191,529)   |
| On disposal of subsidiaries                        | –                   | (233,987)             | (3,180,713)            | (75,678)                        | (52,223)                     | (3,542,601) |
| At 31st March, 2001                                | 560,000             | 277,441               | 479,143                | 69,424                          | 166,579                      | 1,552,587   |
| DEPRECIATION AND<br>AMORTISATION                   |                     |                       |                        |                                 |                              |             |
| At 1st April, 2000                                 | –                   | 50,101                | 1,935,260              | 61,427                          | 73,322                       | 2,120,110   |
| Translation adjustments                            | –                   | (3,311)               | (334,702)              | (6,955)                         | (9,043)                      | (354,011)   |
| On acquisition of subsidiaries                     | –                   | –                     | 970                    | 17                              | 540                          | 1,527       |
| Provided for the year                              | –                   | 8,254                 | 311,833                | 12,606                          | 19,411                       | 352,104     |
| Eliminated on disposals                            | –                   | (410)                 | (48,690)               | (3,835)                         | (403)                        | (53,338)    |
| On disposal of subsidiaries                        | –                   | (30,917)              | (1,613,897)            | (29,841)                        | (39,422)                     | (1,714,077) |
| At 31st March, 2001                                | –                   | 23,717                | 250,774                | 33,419                          | 44,405                       | 352,315     |
| NET BOOK VALUES                                    |                     |                       |                        |                                 |                              |             |
| At 31st March, 2001                                | 560,000             | 253,724               | 228,369                | 36,005                          | 122,174                      | 1,200,272   |
| At 31st March, 2000                                | –                   | 498,779               | 2,228,293              | 106,757                         | 80,476                       | 2,914,305   |

FOR THE YEAR ENDED 31ST MARCH, 2001

**14. PROPERTY, PLANT AND EQUIPMENT** (Continued)

The net book value of hotel properties and land and buildings held by the Group as at the balance sheet date comprises the following:

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Freehold properties in:                      |                  |                  |
| Australia                                    | -                | 17,434           |
| New Zealand                                  | -                | 72,199           |
| Singapore                                    | -                | 3,677            |
| Long term leasehold properties in:           |                  |                  |
| Hong Kong                                    | 560,000          | -                |
| Papua New Guinea                             | -                | 4,826            |
| PRC  | 1,714            | 1,926            |
| Medium term leasehold properties in:         |                  |                  |
| Hong Kong                                    | 251,369          | 397,895          |
| PRC  | 641              | 651              |
| Short term leasehold properties in Australia | -                | 171              |
|  | <b>813,724</b>   | <b>498,779</b>   |

The net book value of property, plant and equipment of the Group includes an aggregate amount of approximately HK\$35,841,000 (2000: HK\$310,508,000) in respect of assets held under finance leases and hire purchase contracts.

**15. PROPERTIES HELD UNDER DEVELOPMENT**

|  | THE GROUP        |                  |
|--|------------------|------------------|
|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| AT COST LESS PROVISION                                   |                  |                  |
| Balance brought forward                                  | 512,155          | 1,066,364        |
| Additions  | 100,385          | 18,980           |
| Transfer to property, plant and equipment                | (612,540)        | -                |
| Transfer to properties under development held for resale | -                | (360,690)        |
| Provision for impairment loss                            | -                | (212,499)        |
| Balance carried forward                                  | -                | 512,155          |

The Group's properties held under development at 31st March, 2000 were held on long term leases and were situated in Hong Kong. These properties have been transferred to property, plant and equipment upon completion of the development during the year.



## 16. INTERESTS IN SUBSIDIARIES

|                               | THE COMPANY      |                  |
|-------------------------------|------------------|------------------|
|                               | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Unlisted shares               | 212,921          | 212,921          |
| Loans to subsidiaries         | 166,500          | 1,283,292        |
| Amounts due from subsidiaries | 3,757,912        | 3,383,729        |
|                               | <b>4,137,333</b> | <b>4,879,942</b> |

The unlisted shares are stated at their carrying values which are based on the book values of the underlying net assets of the subsidiaries attributable to the Group as at the date on which the Company became the holding company of the Group under a group reorganisation in 1993.

In the opinion of the directors, the loans to subsidiaries and amounts due from subsidiaries will not be repayable within twelve months from the balance sheet date and are therefore shown as non-current.

Particulars of the Company's principal subsidiaries as at 31st March, 2001 are set out in note 49.

At 31st March, 2001, the subsidiaries have no loan capital. At 31st March, 2000, Paul Y. - ITC International Limited, a subsidiary of the Company, had outstanding convertible bonds with a principal amount of US\$37,710,000 (equivalent to approximately HK\$291,687,000) which were redeemed during the year. The Group had no interest in these convertible bonds.

## 17. INTERESTS IN ASSOCIATES

|                                   | THE GROUP        |                  |
|-----------------------------------|------------------|------------------|
|                                   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Share of net assets (liabilities) | 422,360          | (30,035)         |
| Amounts due from associates       | 37,697           | 68,885           |
|                                   | <b>460,057</b>   | <b>38,850</b>    |

As at 31st March, 2001, the Group held an equity interest of 44.6% in Downer EDI Limited ("Downer", formerly known as Downer Group Limited), which is listed in Australia. The market value of the Group's holding of Downer's shares at 31st March, 2001 amounted to approximately HK\$567,100,000.

FOR THE YEAR ENDED 31ST MARCH, 2001

**17. INTERESTS IN ASSOCIATES** (Continued)

The amounts due from associates are unsecured and bear interest at the following rates:

|                              | THE GROUP        |                  |
|------------------------------|------------------|------------------|
|                              | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| 1% over Hong Kong prime rate | 37,697           | 45,294           |
| Interest free                | -                | 23,591           |
|                              | <b>37,697</b>    | 68,885           |

In the opinion of the directors, the amounts due from associates will not be repayable within twelve months from the balance sheet date and are therefore shown as non-current.

Particulars of the Group's principal associates as at 31st March, 2001 are set out in note 49.

The Group's proportion of losses of an associate amounting to approximately HK\$125,701,000 (2000: HK\$154,830,000) has not been accounted for by the Group as those losses arise on a contract is recoverable in full under guarantees provided by an ex-shareholder of the associate. During the year, the Group proceeded a court action against the ex-shareholder to recover these losses together with interest and other expenses incurred. The directors, having taken legal advice, believe that the suit is valid and the losses can be fully recovered from the ex-shareholder.

**18. INTEREST IN A JOINTLY CONTROLLED ENTITY**

|                     | THE GROUP        |                  |
|---------------------|------------------|------------------|
|                     | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Share of net assets | 276              | -                |

At 31st March, 2001, the Company indirectly held an equity interest of 50% in DL & PY JV Limited, a company which is incorporated and engaged in civil engineering works in Hong Kong.

## 19. INVESTMENTS IN SECURITIES

|   | Held-to-maturity securities |          | Investment securities |          | Other investments |          | Total    |          |
|---|-----------------------------|----------|-----------------------|----------|-------------------|----------|----------|----------|
|   | 2001                        | 2000     | 2001                  | 2000     | 2001              | 2000     | 2001     | 2000     |
|   | HK\$'000                    | HK\$'000 | HK\$'000              | HK\$'000 | HK\$'000          | HK\$'000 | HK\$'000 | HK\$'000 |
| THE GROUP   |                             |          |                       |          |                   |          |          |          |
| Listed equity securities:                           |                             |          |                       |          |                   |          |          |          |
| in Hong Kong  | -                           | -        | 644,030               | -        | 16,903            | 276,968  | 660,933  | 276,968  |
| in overseas   | -                           | -        | 24,285                | 24,285   | -                 | -        | 24,285   | 24,285   |
| Unlisted equity securities:                         |                             |          |                       |          |                   |          |          |          |
| in overseas   | -                           | -        | -                     | 2,581    | -                 | -        | -        | 2,581    |
| Unlisted debt securities                            | -                           | 60,605   | -                     | -        | 100,000           | -        | 100,000  | 60,605   |
|   | -                           | 60,605   | 668,315               | 26,866   | 116,903           | 276,968  | 785,218  | 364,439  |
| Market value of listed securities                   | -                           | -        | 112,939               | 39,921   | 16,903            | 276,968  | 129,842  | 316,889  |
| Carrying amount analysed for reporting purposes as: |                             |          |                       |          |                   |          |          |          |
| Current   | -                           | 60,605   | -                     | -        | 16,903            | 276,968  | 16,903   | 337,573  |
| Non-current   | -                           | -        | 668,315               | 26,866   | 100,000           | -        | 768,315  | 26,866   |
|   | -                           | 60,605   | 668,315               | 26,866   | 116,903           | 276,968  | 785,218  | 364,439  |

Particulars of the equity securities held by the Group as at 31st March, 2001 disclosed in accordance with Section 129(2) of the Companies Ordinance are as follows:

| Name of company                  | Place of incorporation | Type of investment | Proportion of nominal value of issued share capital held by the Group |
|----------------------------------|------------------------|--------------------|---|
| China Strategic Holdings Limited | Hong Kong              | Ordinary shares    | 17.45%  |

In the opinion of the directors, the above investments are worth at least their carrying value.

FOR THE YEAR ENDED 31ST MARCH, 2001

**20. OTHER LONG TERM INVESTMENTS**

|                                | THE GROUP        |                  |
|--------------------------------|------------------|------------------|
|                                | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Unlisted investments, at cost: |                  |                  |
| in Hong Kong                   | 15,901           | 15,643           |
| in overseas                    | 325              | 325              |
|                                | <b>16,226</b>    | 15,968           |

In the opinion of the directors, the above investments are worth at least their carrying value.

**21. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS**

|  | THE GROUP           |                  |
|--|---------------------|------------------|
|  | 2001<br>HK\$'000    | 2000<br>HK\$'000 |
| Contracts in progress at the balance sheet date:         |                     |                  |
| Contract costs incurred to date                          | 27,368,751          | 33,388,986       |
| Recognised profits less recognised losses                | 867,038             | 846,572          |
|  | <b>28,235,789</b>   | 34,235,558       |
| Less: Progress billings                                  | <b>(28,672,690)</b> | (33,787,604)     |
|  | <b>(436,901)</b>    | 447,954          |
| Represented by:  |                     |                  |
| Amounts due from customers included in current assets    | 367,784             | 1,289,619        |
| Amounts due to customers included in current liabilities | <b>(804,685)</b>    | (841,665)        |
|  | <b>(436,901)</b>    | 447,954          |

At 31st March, 2001, retentions held by customers for contract works included in debtors, deposits and prepayments amounted to approximately HK\$530,644,000 (2000: HK\$560,652,000).

## 22. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group's credit terms for its contracting business are negotiated with, and entered into under, normal commercial terms with its trade customers. Trade debtors arise from property letting business are payable monthly in advance and the credit terms granted by the Group to other trade debtors normally range from 30 days to 90 days.

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$721,077,000 (2000: HK\$1,594,938,000) and their aged analysis is as follows:

|                                       | THE GROUP        |                  |
|---------------------------------------|------------------|------------------|
|                                       | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Within 90 days                        | 636,065          | 1,491,517        |
| More than 90 days and within 180 days | 24,277           | 34,984           |
| More than 180 days                    | 60,735           | 68,437           |
|                                       | <b>721,077</b>   | <b>1,594,938</b> |

## 23. AMOUNTS DUE FROM (TO) RELATED COMPANIES

The balances represent amounts due from (to) the subsidiaries and associates of certain substantial shareholders of the Company. The amounts are unsecured, have no fixed terms of repayment and are interest free except for the amount due from a related company of approximately HK\$144,285,000 (2000: HK\$108,880,000) which bears interest at 2% (2000: 2%) over Hong Kong prime rate.

## 24. AMOUNTS DUE FROM (TO) ASSOCIATES AND AMOUNT DUE TO A JOINTLY CONTROLLED ENTITY

The amounts are unsecured, interest free and have no fixed terms of repayment.

## 25. UNSECURED LOANS RECEIVABLE

The amounts are unsecured, receivable within one year and bear interest at the following rates:

|                                | THE GROUP        |                  |
|--------------------------------|------------------|------------------|
|                                | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| 0.5% over Hong Kong prime rate | –                | 270,000          |
| 1% over Hong Kong prime rate   | 25,500           | 21,000           |
| 2% over Hong Kong prime rate   | 56,987           | 80,320           |
| 3% over Hong Kong prime rate   | 5,000            | 10,000           |
|                                | <b>87,487</b>    | <b>381,320</b>   |

FOR THE YEAR ENDED 31ST MARCH, 2001

**26. CREDITORS AND ACCRUED EXPENSES**

Included in creditors and accrued expenses are trade payables of approximately HK\$537,037,000 (2000: HK\$920,723,000) and their aged analysis is as follows:

|                                       | THE GROUP        |                  |
|---------------------------------------|------------------|------------------|
|                                       | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Within 90 days                        | 515,432          | 865,099          |
| More than 90 days and within 180 days | 9,479            | 14,230           |
| More than 180 days                    | 12,126           | 41,394           |
|                                       | <b>537,037</b>   | <b>920,723</b>   |

**27. LOANS FROM MINORITY SHAREHOLDERS OF SUBSIDIARIES**

|  | THE GROUP        |                  |
|--|------------------|------------------|
|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| The loans from minority shareholders of subsidiaries are repayable as follows: |                  |                  |
| Within one year  | -                | 95,100           |
| More than one year, but not exceeding two years                                | -                | 33,034           |
|  | -                | 128,134          |
| Less: Amount due within one year and shown under current liabilities           | -                | (95,100)         |
| Amount due after one year  | -                | 33,034           |

**28. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

|  | THE GROUP        |                  |
|--|------------------|------------------|
|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| The obligations under finance leases and hire purchase contracts are repayable as follows: |                  |                  |
| Within one year  | 6,450            | 62,350           |
| More than one year, but not exceeding two years  | -                | 49,417           |
| More than two years, but not exceeding five years  | -                | 126,673          |
|  | <b>6,450</b>     | <b>238,440</b>   |
| Less: Amount due within one year and shown under current liabilities                       | <b>(6,450)</b>   | <b>(62,350)</b>  |
| Amount due after one year  | -                | 176,090          |

## 29. BANK BORROWINGS

|  | THE GROUP        |                  |
|--|------------------|------------------|
|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Bank borrowings comprise:  |                  |                  |
| Mortgage loans   | 264,335          | 392,462          |
| Bank loans   | 124,562          | 457,551          |
| Trust receipt loans  | 1,490            | –                |
| Bank overdrafts  | 2,224            | 12,118           |
|  | <b>392,611</b>   | 862,131          |
| Analysed as:   |                  |                  |
| Secured  | 388,897          | 399,488          |
| Unsecured  | 3,714            | 462,643          |
|  | <b>392,611</b>   | 862,131          |
| The bank borrowings are repayable as follows:  |                  |                  |
| Within one year or on demand   | 54,341           | 571,280          |
| More than one year, but not exceeding two years                                      | 324,895          | 258,598          |
| More than two years, but not exceeding five years                                    | 11,197           | 25,888           |
| More than five years   | 2,178            | 6,365            |
|  | <b>392,611</b>   | 862,131          |
| Less: Amount due within one year or on demand and<br>shown under current liabilities | <b>(54,341)</b>  | (571,280)        |
| Amount due after one year  | <b>338,270</b>   | 290,851          |

FOR THE YEAR ENDED 31ST MARCH, 2001

**30. OTHER LOANS**

|  | <b>THE GROUP</b>               |                                |
|--|--------------------------------|--------------------------------|
|  | <b>2001</b><br><b>HK\$'000</b> | <b>2000</b><br><b>HK\$'000</b> |
| HK\$321,760,000 note bearing interest at 7.5% per annum              | <b>321,760</b>                 | -                              |
| US\$95,000,000 notes bearing interest at approximately 9% per annum  | -                              | 715,975                        |
|  | <b>321,760</b>                 | 715,975                        |
| Analysed as:   |                                |                                |
| Secured  | <b>321,760</b>                 | -                              |
| Unsecured  | -                              | 715,975                        |
|  | <b>321,760</b>                 | 715,975                        |
| The other loans are repayable as follows:                            |                                |                                |
| Within one year  | <b>321,760</b>                 | -                              |
| More than two years, but not exceeding five years                    | -                              | 301,905                        |
| More than five years   | -                              | 414,070                        |
|  | <b>321,760</b>                 | 715,975                        |
| Less: Amount due within one year and shown under current liabilities | <b>(321,760)</b>               | -                              |
| Amount due after one year  | -                              | 715,975                        |



### 31. CONVERTIBLE BONDS

|   | THE GROUP        |                  | THE COMPANY      |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| US\$95,125,000 5% Convertible<br>Bonds due 2001 (note (a) below)                          | -                | 735,792          | -                | 735,792          |
| US\$37,710,000 5.5% Convertible<br>Bonds due 2001 (note (b) below)                        | -                | 291,687          | -                | -                |
|   | -                | 1,027,479        | -                | 735,792          |
| Add: Amortisation of premium<br>payable upon final redemption<br>of the convertible bonds | -                | 43,144           | -                | -                |
|   | -                | 1,070,623        | -                | 735,792          |
| Less: Unamortised deferred<br>expenditure (note (c) below)                                | -                | (4,409)          | -                | (2,590)          |
|   | -                | 1,066,214        | -                | 733,202          |

Notes:

- (a) The 5% Convertible Bonds bear interest at 5% per annum. During the year, the Group repurchased the 5% Convertible Bonds with an aggregate principal amount of US\$31,415,000 (equivalent to approximately HK\$242,995,000) and redeemed the remaining principal amount of US\$63,710,000 (equivalent to approximately HK\$492,797,000) at par upon maturity. Details of the 5% Convertible Bonds repurchased are as follows:

| Month of repurchase | Nominal value of<br>convertible bonds<br>repurchased<br>US\$'000 | Price expressed as a<br>percentage of principal<br>amount of the convertible bonds |        | Aggregate<br>price paid<br>US\$'000 |
|---------------------|--|--|--------|-------------------------------------|
|                     |  | Highest  | Lowest |                                     |
|                     |  | %  | %      |                                     |
| May 2000            | 2,050  | 95.0   | 95.0   | 1,948                               |
| June 2000           | 2,700  | 96.0   | 95.5   | 2,589                               |
| August 2000         | 5,905  | 97.0   | 96.5   | 5,717                               |
| September 2000      | 10,590   | 97.6   | 97.5   | 10,328                              |
| October 2000        | 1,000  | 97.5   | 97.5   | 975                                 |
| December 2000       | 550  | 98.5   | 98.5   | 542                                 |
| January 2001        | 8,620  | 99.7   | 99.7   | 8,594                               |
|                     | 31,415   |  |        | 30,693                              |

FOR THE YEAR ENDED 31ST MARCH, 2001

**31. CONVERTIBLE BONDS** (Continued)

- (b) The 5.5% Convertible Bonds bear interest at 5.5% per annum (coupon protected). During the year, the Group repurchased the 5.5% Convertible Bonds with an aggregate principal amount of US\$4,150,000 (equivalent to approximately HK\$32,100,000) and redeemed the remaining principal amount of US\$33,560,000 (equivalent to approximately HK\$259,587,000) at 119.291% of their principal amount upon maturity. Details of the 5.5% Convertible Bonds repurchased are as follows:

| Month of repurchase | Nominal value of convertible bonds repurchased<br>US\$'000 | Price expressed as a percentage of principal amount of the convertible bonds |             | Aggregate price paid<br>US\$'000 |
|---------------------|--|--|-------------|----------------------------------|
|                     |  | Highest<br>%   | Lowest<br>% |                                  |
| May 2000            | 3,750  | 114.0  | 111.0       | 4,251                            |
| August 2000         | 400  | 113.5  | 113.5       | 454                              |
|                     | 4,150  |  |             | 4,705                            |

The repurchased convertible bonds were cancelled upon repurchase and the gain or loss on repurchase, which represents the difference between the proceeds paid and the net book value of the convertible bonds repurchased, was credited or charged to the income statement.

- (c) Deferred expenditure represents expenditure incurred in connection with the issue of convertible bonds and is analysed as follows:

|   | THE GROUP | THE COMPANY |
|---|-----------|-------------|
|   | HK\$'000  | HK\$'000    |
| <b>COST</b>   |           |             |
| At 1st April, 2000  | 36,943    | 21,984      |
| Eliminated upon final redemption of the convertible bonds | (36,943)  | (21,984)    |
| At 31st March, 2001                                       | -         | -           |
| <b>AMORTISATION</b>                                       |           |             |
| At 1st April, 2000  | 32,534    | 19,394      |
| Amortised during the year                                 | 4,409     | 2,590       |
| Eliminated upon final redemption of the convertible bonds | (36,943)  | (21,984)    |
| At 31st March, 2001                                       | -         | -           |
| <b>UNAMORTISED AMOUNT</b>                                 |           |             |
| At 31st March, 2001                                       | -         | -           |
| At 31st March, 2000                                       | 4,409     | 2,590       |

### 32. CONVERTIBLE NOTES

|   | THE GROUP        |                  | THE COMPANY      |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| HK\$450,000,000 6% secured convertible redeemable note (note (a) below) | 450,000          | 450,000          | 450,000          | 450,000          |
| A\$35,000,000 8.5% convertible notes (note (b) below)                   | -                | 166,425          | -                | -                |
|   | <b>450,000</b>   | 616,425          | <b>450,000</b>   | 450,000          |

Notes:

- (a) The convertible redeemable note is secured by a first mortgage on the property, and a charge over the shares in certain subsidiaries of the Company, interest free during the period from its date of issue to 30th September, 2000 and thereafter bears interest at 6% per annum and is redeemable at par on or before 17th April, 2001. The holder of the convertible redeemable note has the right to convert all or any portion of the note into shares of the Company at a conversion price of HK\$8.863 (2000: HK\$8.863) per share, subject to adjustment, at any time from the date of issue until the repayment of the convertible redeemable note.

No conversion rights were exercised during the year.

Subsequent to the balance sheet date, the Company has obtained a long term loan to refinance the repayment of the convertible redeemable note. On the basis of the post year-end arrangement to refinance the payments, the convertible redeemable note continues to be classified as non-current.

- (b) The convertible notes, which are issued by a former subsidiary of the Company, are unsecured, bear interest at 8.5% per annum and are redeemable at par on 31st January, 2009. Holders of the convertible notes have the option to convert their notes into ordinary shares in a former subsidiary of the Company at a conversion price of A\$0.67375 (2000: A\$0.67375) per share, subject to adjustment, during the period from its date of issue to 31st January, 2009.

During the year, the subsidiary became an associate of the Group.

No conversion rights were exercised during the period prior to the date on which the subsidiary became an associate of the Group.

FOR THE YEAR ENDED 31ST MARCH, 2001

**33. DEFERRED TAXATION**

|                             | THE GROUP        |                  | THE COMPANY      |                  |
|-----------------------------|------------------|------------------|------------------|------------------|
|                             | 2001<br>HK\$'000 | 2000<br>HK\$'000 | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Balance brought forward     | 216,852          | 223,609          | 370              | 808              |
| Translation adjustments     | (35,080)         | (1,943)          | -                | -                |
| On disposal of subsidiaries | (99,704)         | -                | -                | -                |
| Credit for the year         | (39,710)         | (4,814)          | (370)            | (438)            |
| Balance carried forward     | 42,358           | 216,852          | -                | 370              |

At the balance sheet date, the major components of the provision for deferred taxation liability (asset) are as follows:

|   | THE GROUP        |                  | THE COMPANY      |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Tax effect of timing differences attributable to:                                       |                  |                  |                  |                  |
| Excess of tax allowances over depreciation  | 35,515           | 262,713          | -                | -                |
| Prepayments claimed for tax purposes  | 2,867            | 4,494            | -                | 415              |
| Different method in recognition of contract income for accounting and taxation purposes | 16,469           | 75,946           | -                | -                |
| Unutilised tax losses   | (12,008)         | (59,834)         | -                | (45)             |
| Others  | (485)            | (66,467)         | -                | -                |
|   | 42,358           | 216,852          | -                | 370              |

### 33. DEFERRED TAXATION (Continued)

The major components of deferred taxation credit (charge) not recognised for the year are as follows:

| THE GROUP  |                  |                  |
|--|------------------|------------------|
|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Tax effect of timing differences attributable to:  |                  |                  |
| Difference between tax allowances and depreciation   | (4,770)          | 5,650            |
| Prepayments claimed for tax purposes   | 332              | (546)            |
| Different method in recognition of contract income<br>for accounting and taxation purposes | 8,750            | (3,834)          |
| Tax losses arising (utilised)  | 10,291           | (5,133)          |
|  | <b>14,603</b>    | <b>(3,863)</b>   |

At the balance sheet date, the major components of potential deferred taxation asset (liability) not recognised in the financial statements are as follows:

| THE GROUP  |                  |                  |
|--|------------------|------------------|
|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Tax effect of timing differences attributable to:  |                  |                  |
| Difference between tax allowances and depreciation   | (5,306)          | (536)            |
| Prepayments claimed for tax purposes   | (250)            | (582)            |
| Different method in recognition of contract income<br>for accounting and taxation purposes | 914              | (7,836)          |
| Unutilised tax losses  | 42,864           | 32,573           |
|  | <b>38,222</b>    | <b>23,619</b>    |

The potential net deferred tax asset has not been recognised in the financial statements as realisation of this asset in the foreseeable future is uncertain.

The Company did not have any significant unprovided deferred taxation as at the balance sheet date.

FOR THE YEAR ENDED 31ST MARCH, 2001

**34. SHARE CAPITAL**

|   | <b>Number<br/>of shares</b> | <b>Value<br/>HK\$'000</b> |
|---|-----------------------------|---------------------------|
| Ordinary shares of HK\$0.10 each:                         |                             |                           |
| Authorised:   |                             |                           |
| At 1st April, 1999, 31st March, 2000 and 31st March, 2001 | 3,000,000,000               | 300,000                   |
| Issued and fully paid:                                    |                             |                           |
| At 1st April, 1999  | 720,545,090                 | 72,054                    |
| Issue of new shares                                       | 143,000,000                 | 14,300                    |
| Exercise of warrants                                      | 112,970,043                 | 11,297                    |
| Issue of new shares pursuant to scrip dividend scheme     | 3,599,970                   | 360                       |
| At 31st March, 2000                                       | 980,115,103                 | 98,011                    |
| Issue of new shares pursuant to scrip dividend scheme     | 12,373,289                  | 1,238                     |
| At 31st March, 2001                                       | 992,488,392                 | 99,249                    |

Pursuant to the scrip dividend schemes which were announced by the Company on 11th August, 2000 and 15th December, 2000, the Company issued 5,115,995 and 7,257,294 new ordinary shares of HK\$0.10 each in the Company to shareholders who elected to receive scrip dividends in respect of the final dividend for the year ended 31st March, 2000 and the interim dividend for the year ended 31st March, 2001, respectively. The scrip shares did not rank for the final dividend for the year ended 31st March, 2000 and the interim dividend for the year ended 31st March, 2001, respectively.

**35. WARRANTS**

|   | <b>Number of<br/>shares upon<br/>subscription</b> | <b>Aggregate<br/>subscription<br/>amount<br/>HK\$'000</b> |
|---|---|---|
| <b>1999 Warrants</b>                                      |   |   |
| Warrants at a subscription price of HK\$1.0 each:         |   |   |
| Balance in issue at 1st April, 1999                       | 134,778,893                                       | 134,779   |
| Exercised   | (13,220)  | (13)  |
|   | 134,765,673                                       | 134,766   |
| Warrants at a subscription price of HK\$0.97 each:        |   |   |
| Adjusted after the new issue of shares                    | 138,933,684                                       | 134,766   |
| Exercised   | (112,937,440)                                     | (109,549)   |
| Lapsed  | (25,996,244)                                      | (25,217)  |
| Balance in issue at 31st March, 2000 and 31st March, 2001 | -   | -   |

### 35. WARRANTS (Continued)

|  | Number of<br>shares upon<br>subscription | Aggregate<br>subscription<br>amount<br>HK\$'000 |
|--|--|---|
| <b>2000 Warrants</b>                               |  |   |
| Warrants at a subscription price of HK\$0.72 each: |  |   |
| Balance in issue at 1st April, 1999                | –  | –   |
| Bonus issue of warrants                            | 195,299,150                              | 140,615   |
| Exercised  | (19,383)                                 | (14)  |
| Balance in issue at 31st March, 2000               | 195,279,767                              | 140,601   |
| Lapsed during the year                             | (195,279,767)                            | (140,601)                                       |
| Balance in issue at 31st March, 2001               | –  | –   |

### 36. SHARE OPTION SCHEME

Pursuant to the share option scheme of the Company adopted on 1st September, 1993, the board of directors of the Company may grant options to any directors or full time employees of the Company or any of its subsidiaries to subscribe for shares in the Company at a price not less than the higher of 80% of the average closing price of the Company's shares on the five trading days immediately preceding the offer of the options and the nominal value of the shares. The maximum number of shares in respect of which options may be granted may not exceed 10% of the issued share capital of the Company from time to time.

During the year, movements in the share options granted by the Company to the directors and full time employees of the Company and of its subsidiaries to subscribe for shares in the Company were as follows:

| Date of grant       | Exercise price<br>per share<br>HK\$ | Number of shares to be issued<br>upon exercise of the share options |                           |                         |
|---------------------|-------------------------------------|---|---------------------------|-------------------------|
|                     |                                     | Balance at<br>1.4.2000  | Lapsed during<br>the year | Balance at<br>31.3.2001 |
| 27th August, 1997   | 3.3042                              | 43,145,088  | (43,145,088)              | –                       |
| 18th December, 1998 | 0.6048                              | 38,349,206  | –                         | 38,349,206              |
| 17th December, 1999 | 0.5552                              | 16,100,000  | –                         | 16,100,000              |

The outstanding options as at 31st March, 2001 can be exercised at any time during a period of three years commencing on the expiry of six months after the date of acceptance of the options.

No share options were exercised during the year.

FOR THE YEAR ENDED 31ST MARCH, 2001

## 37. RESERVES

|  | Share<br>premium | Special<br>reserve | Capital<br>reserve | Translation<br>reserve | Goodwill<br>reserve | Accumulated<br>profits<br>(losses) | Total     |
|--|------------------|--------------------|--------------------|------------------------|---------------------|------------------------------------|-----------|
|  | HK\$'000         | HK\$'000           | HK\$'000           | HK\$'000               | HK\$'000            | HK\$'000                           | HK\$'000  |
| <b>THE GROUP</b>   |                  |                    |                    |                        |                     |                                    |           |
| At 1st April, 1999   | 12,658           | 124,933            | 3,126,941          | (95,634)               | (812,804)           | 81,558                             | 2,437,652 |
| Exchange differences arising<br>from translation of overseas<br>operations | -                | -                  | -                  | (64,817)               | -                   | -                                  | (64,817)  |
| Premium on issue of shares   | 212,679          | -                  | -                  | -                      | -                   | -                                  | 212,679   |
| Issue of shares under scrip<br>dividend scheme                             | (360)            | -                  | -                  | -                      | -                   | -                                  | (360)     |
| Credit arising on scrip dividends  | -                | -                  | -                  | -                      | -                   | 2,595                              | 2,595     |
| Share issue expenses   | (3,639)          | -                  | -                  | -                      | -                   | -                                  | (3,639)   |
| Goodwill arising on acquisition<br>of subsidiaries                         | -                | -                  | -                  | -                      | (40,969)            | -                                  | (40,969)  |
| Realised on disposal and dilution<br>of interests in subsidiaries          | -                | -                  | -                  | 1,403                  | -                   | -                                  | 1,403     |
| Minority share of goodwill<br>reserve of subsidiaries                      | -                | -                  | -                  | -                      | 12,272              | -                                  | 12,272    |
| Profit for the year  | -                | -                  | -                  | -                      | -                   | 288,168                            | 288,168   |
| Dividends (note 11)  | -                | -                  | -                  | -                      | -                   | (22,127)                           | (22,127)  |
| At 31st March, 2000  | 221,338          | 124,933            | 3,126,941          | (159,048)              | (841,501)           | 350,194                            | 2,822,857 |
| Exchange differences arising<br>from translation of overseas<br>operations | -                | -                  | -                  | (119,529)              | -                   | -                                  | (119,529) |
| Issue of shares under scrip<br>dividend scheme                             | (1,238)          | -                  | -                  | -                      | -                   | -                                  | (1,238)   |
| Credit arising on scrip dividends<br>(note 11)                             | -                | -                  | -                  | -                      | -                   | 4,560                              | 4,560     |
| Share issue expenses   | (293)            | -                  | -                  | -                      | -                   | -                                  | (293)     |
| Goodwill arising on acquisition<br>of subsidiaries                         | -                | -                  | -                  | -                      | (158,378)           | -                                  | (158,378) |
| Goodwill arising on acquisition<br>of a jointly controlled entity          | -                | -                  | -                  | -                      | (4)                 | -                                  | (4)       |
| Realised on disposal and dilution<br>of interests in subsidiaries          | -                | -                  | -                  | 86,841                 | 243,394             | -                                  | 330,235   |
| Minority share of goodwill<br>reserve of subsidiaries                      | -                | -                  | -                  | -                      | 73,520              | -                                  | 73,520    |
| Loss for the year  | -                | -                  | -                  | -                      | -                   | (469,820)                          | (469,820) |
| Dividends (note 11)  | -                | -                  | -                  | -                      | -                   | (19,777)                           | (19,777)  |
| At 31st March, 2001  | 219,807          | 124,933            | 3,126,941          | (191,736)              | (682,969)           | (134,843)                          | 2,462,133 |



### 37. RESERVES (Continued)

The accumulated losses of the Group include accumulated profits of approximately HK\$20,061,000 (2000: HK\$12,272,000) and HK\$280,000 (2000: Nil) retained by the associates and a jointly controlled entity of the Group, respectively.

|   | Share<br>premium<br>HK\$'000 | Capital<br>reserve<br>HK\$'000 | Contributed<br>surplus<br>HK\$'000 | Accumulated<br>profits<br>HK\$'000 | Total<br>HK\$'000 |
|---|------------------------------|--------------------------------|------------------------------------|------------------------------------|-------------------|
| <b>THE COMPANY</b>                                      |                              |                                |                                    |                                    |                   |
| At 1st April, 1999                                      | 12,658                       | 3,126,941                      | 155,846                            | 27,628                             | 3,323,073         |
| Premium on issue of shares                              | 212,679                      | -                              | -                                  | -                                  | 212,679           |
| Issue of shares under scrip<br>dividend scheme          | (360)                        | -                              | -                                  | -                                  | (360)             |
| Credit arising on scrip dividends                       | -                            | -                              | -                                  | 2,595                              | 2,595             |
| Share issue expenses                                    | (3,639)                      | -                              | -                                  | -                                  | (3,639)           |
| Profit for the year                                     | -                            | -                              | -                                  | 69,930                             | 69,930            |
| Dividends ( <i>note 11</i> )                            | -                            | -                              | -                                  | (22,127)                           | (22,127)          |
| At 31st March, 2000                                     | 221,338                      | 3,126,941                      | 155,846                            | 78,026                             | 3,582,151         |
| Issue of shares under scrip<br>dividend scheme          | (1,238)                      | -                              | -                                  | -                                  | (1,238)           |
| Credit arising on scrip dividends<br>( <i>note 11</i> ) | -                            | -                              | -                                  | 4,560                              | 4,560             |
| Share issue expenses                                    | (293)                        | -                              | -                                  | -                                  | (293)             |
| Profit for the year                                     | -                            | -                              | -                                  | 736                                | 736               |
| Dividends ( <i>note 11</i> )                            | -                            | -                              | -                                  | (19,777)                           | (19,777)          |
| At 31st March, 2001                                     | 219,807                      | 3,126,941                      | 155,846                            | 63,545                             | 3,566,139         |

The special reserve of the Group represents the difference between the nominal amount of the share capital and share premium of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition.

The capital reserve of the Group and the Company represents the credit arising from the cancellation of share premium and the paid up share capital upon the capital reorganisation.

The contributed surplus of the Company represents the difference between the underlying net assets of the subsidiaries acquired by the Company and the nominal amount of the Company's share capital issued as consideration for the acquisition.

FOR THE YEAR ENDED 31ST MARCH, 2001

**37. RESERVES** *(Continued)*

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Pursuant to the letter of undertaking entered into between the Company and a bank, the Company cannot reduce or distribute or use the capital reserve account, including the transfer to the contributed surplus account, so long as any sums remain outstanding under a loan agreement, over which the Company has given a guarantee in favour of the bank, entered into between certain subsidiaries of the Company and the bank.

In the opinion of the directors, the Company's reserves available for distribution to shareholders as at the balance sheet date were as follows:

|                     | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---------------------|------------------|------------------|
| Contributed surplus | 155,846          | 155,846          |
| Accumulated profits | 63,545           | 78,026           |
|                     | <b>219,391</b>   | <b>233,872</b>   |

### 38. RECONCILIATION OF (LOSS) PROFIT BEFORE TAXATION TO NET CASH INFLOW FROM OPERATING ACTIVITIES

|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|---|------------------|------------------|
| (Loss) profit before taxation   | (328,524)        | 441,074          |
| Share of results of associates  | (14,969)         | (59,688)         |
| Share of results of a jointly controlled entity   | (293)            | -                |
| Loss (gain) on disposal and dilution of interests in subsidiaries and associates  | 333,916          | (171,406)        |
| Impairment losses recognised in respect of investment securities  | -                | 14,334           |
| Deficit arising on revaluation of investment properties   | 13,000           | 5,000            |
| Impairment losses recognised in respect of property interests   | -                | 484,157          |
| Write back of doubtful debts and loans receivable   | -                | (3,964)          |
| Provision for amounts due from associates receivable after one year   | 20,000           | -                |
| Interest expenses   | 211,650          | 220,230          |
| Interest income   | (137,996)        | (76,636)         |
| Depreciation and amortisation   | 347,575          | 394,120          |
| Dividends from investments in listed securities   | (2,987)          | (485)            |
| Dividends from investments in unlisted securities   | (24)             | (623)            |
| Net realised and unrealised holding loss (gain) on listed other investments   | 18,728           | (344,119)        |
| Loss on disposal of listed other investments  | 155,771          | 68,077           |
| Gain on disposal of listed investment securities  | -                | (43,755)         |
| Gain on disposal of unlisted investment securities  | (21,354)         | -                |
| Gain on disposal of unlisted other investments  | -                | (42,163)         |
| Gain on disposal of unlisted short term investments   | -                | (31,000)         |
| Gain on disposal of listed long term investments  | -                | (125,367)        |
| Amortisation of redemption premium of debt securities   | (6,396)          | (1,799)          |
| Loss on disposal of property, plant and equipment   | 2,269            | 15,877           |
| Increase in properties under development held for resale  | (28,948)         | (17,447)         |
| Decrease in amounts due from (to) customers for contract works, net of attributable interest expenses and depreciation and amortisation | 887,457          | 730,418          |
| (Increase) decrease in debtors, deposits and prepayments  | (654,557)        | 316,768          |
| (Increase) decrease in amounts due from related companies   | (249)            | 1,015            |
| Decrease in amounts due from associates   | 7,274            | 15,474           |
| Decrease in creditors and accrued expenses  | (153,300)        | (423,364)        |
| Decrease in bills payable   | (1,118)          | (276,551)        |
| (Decrease) increase in amounts due to related companies   | (1,882)          | 2,656            |
| Increase (decrease) in amounts due to associates  | 5,121            | (31,949)         |
| Net cash inflow from operating activities   | <b>650,164</b>   | <b>1,058,884</b> |

FOR THE YEAR ENDED 31ST MARCH, 2001

**39. ACQUISITION OF SUBSIDIARIES**

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Net assets acquired:                                     |                  |                  |
| Property, plant and equipment                            | 69,250           | 89,227           |
| Interests in associates                                  | –                | 5,156            |
| Amounts due from (to) customers for contract works - net | 21,465           | 10,884           |
| Debtors, deposits and prepayments                        | 137,246          | 65,545           |
| Bank balances and cash                                   | 10,845           | 4,864            |
| Creditors and accrued expenses                           | (108,552)        | (60,601)         |
| Taxation payable   | (100)            | (4,945)          |
| Bank loans   | (287)            | (61,216)         |
| Minority interests                                       | (1,312)          | 6                |
|  | <b>128,555</b>   | 48,920           |
| Goodwill arising on acquisition of subsidiaries          | <b>158,378</b>   | 40,969           |
|  | <b>286,933</b>   | 89,889           |
| Satisfied by:  |                  |                  |
| Cash paid  | 138,479          | 89,889           |
| Issue of shares in a subsidiary to minority shareholders | 138,191          | –                |
| Consideration payable                                    | 10,263           | –                |
|  | <b>286,933</b>   | 89,889           |

Analysis of the net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Cash consideration   | (138,479)        | (89,889)         |
| Bank balances and cash acquired  | 10,845           | 4,864            |
| Net outflow of cash and cash equivalents in respect of the acquisition of subsidiaries | <b>(127,634)</b> | (85,025)         |

The subsidiaries acquired during the year contributed approximately HK\$179,547,000 to the Group's turnover and a profit of approximately HK\$10,148,000 to the Group's profit from operations and did not make a significant impact on the Group's cash flows for the year.

The subsidiaries acquired during the year ended 31st March, 2000 did not make a significant impact on the Group's cash flows or operating results for that year.

40. DISPOSAL AND DILUTION OF INTERESTS IN SUBSIDIARIES

|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
|--|------------------|------------------|
| Net assets disposed of:                                    |                  |                  |
| Investment properties                                      | -                | 839,100          |
| Property, plant and equipment                              | 1,828,524        | 2,889            |
| Interests in associates                                    | 38,500           | 53,318           |
| Investments in securities                                  | -                | 80               |
| Loan to an investee company                                | -                | 36,405           |
| Properties held for resale                                 | -                | 43,600           |
| Amounts due from (to) customers for contract works – net   | (26,384)         | 6,781            |
| Debtors, deposits and prepayments                          | 1,738,764        | 67,815           |
| Amounts due from associates                                | 126,448          | 68,650           |
| Taxation recoverable                                       | -                | 755              |
| Short term bank deposits, bank balances and cash           | 103,385          | 75,088           |
| Creditors and accrued expenses                             | (600,855)        | (25,706)         |
| Taxation payable   | (45,010)         | -                |
| Obligations under finance leases                           | (134,654)        | -                |
| Bank loans   | (933,129)        | (337,959)        |
| Bank overdrafts  | -                | (20)             |
| Other loans  | (576,394)        | (14,100)         |
| Convertible notes  | (133,980)        | -                |
| Deferred taxation  | (99,704)         | -                |
| Minority interests   | (722,910)        | (125,534)        |
|  | <b>562,601</b>   | <b>691,162</b>   |
| Goodwill realised  | 243,394          | -                |
| Translation reserve realised                               | 86,841           | 1,403            |
| Loss on disposal and dilution of interests in subsidiaries | (333,916)        | (196,806)        |
| Interests in associates                                    | (390,161)        | (124,675)        |
| Investments in securities                                  | -                | (1,256)          |
|  | <b>168,759</b>   | <b>369,828</b>   |
| Satisfied by:  |                  |                  |
| Cash received  | 47,378           | 10,159           |
| Unlisted debt securities                                   | 100,000          | -                |
| Amounts due from associates                                | 21,381           | -                |
| Loans receivable   | -                | 359,669          |
|  | <b>168,759</b>   | <b>369,828</b>   |

FOR THE YEAR ENDED 31ST MARCH, 2001

**40. DISPOSAL AND DILUTION OF INTERESTS IN SUBSIDIARIES** (Continued)

Analysis of net outflow of cash and cash equivalents in connection with the disposal and dilution of interests in subsidiaries:

|   | <b>2001</b><br><b>HK\$'000</b> | 2000<br>HK\$'000 |
|---|--------------------------------|------------------|
| Cash consideration received   | <b>47,378</b>                  | 10,159           |
| Short term bank deposits, bank balances and cash disposed of  | <b>(103,385)</b>               | (75,088)         |
| Bank overdrafts disposed of   | -                              | 20               |
| Net outflow of cash and cash equivalent in connection with the disposal and dilution of interests in subsidiaries | <b>(56,007)</b>                | (64,909)         |

The subsidiaries disposed of during the year contributed approximately HK\$61,818,000 (2000: HK\$42,310,000) to the Group's net operating cash flows, paid approximately HK\$148,387,000 (2000: HK\$19,077,000) in respect of the net returns on investments and servicing of finance, paid approximately HK\$50,573,000 (2000: Nil) for taxation, paid approximately HK\$298,718,000 (2000: contributed HK\$7,205,000) for investing activities and raised approximately HK\$466,380,000 (2000: utilised HK\$8,283,000) in respect of financing activities.

The subsidiaries disposed of during the year contributed approximately HK\$220,880,000 (2000: HK\$12,137,000) to the Group's profit from operations.

41. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

|   | Share capital and premium<br>HK\$'000 | Convertible bonds<br>HK\$'000 | Bank borrowings with more than three months of maturity when raised<br>HK\$'000 | Obligations under finance leases and hire purchase contracts<br>HK\$'000 | Minority interests<br>HK\$'000 | Redeemable notes<br>HK\$'000 | Other loans<br>HK\$'000 | Convertible notes<br>HK\$'000 | Amount due to a jointly controlled entity<br>HK\$'000 |
|---|---------------------------------------|-------------------------------|---|--|--------------------------------|------------------------------|-------------------------|-------------------------------|---|
| At 1st April, 1999  | 84,712                                | 1,047,598                     | 1,646,919   | 546,639  | 927,103                        | 69,884                       | 347,213                 | 619,645                       | -   |
| Translation adjustments   | -                                     | -                             | (15,318)  | (7,931)  | (11,653)                       | -                            | -                       | (3,220)                       | -   |
| Proceeds from issue of shares   | 238,276                               | -                             | -   | -  | -                              | -                            | -                       | -                             | -   |
| Share issue expenses  | (3,639)                               | -                             | -   | -  | -                              | -                            | -                       | -                             | -   |
| Amortisation of deferred expenditure on convertible bonds                                 | -                                     | 5,290                         | -   | -  | -                              | -                            | -                       | -                             | -   |
| Amortisation of premium payable upon final redemption of the convertible bonds            | -                                     | 13,326                        | -   | -  | -                              | -                            | -                       | -                             | -   |
| New loans raised  | -                                     | -                             | 507,395   | -  | -                              | -                            | 715,975                 | -                             | -   |
| Inception of finance leases and hire purchase contracts                                   | -                                     | -                             | -   | 10,510   | -                              | -                            | -                       | -                             | -   |
| Repayments  | -                                     | -                             | (1,012,240)   | (310,778)  | (97,948)                       | (69,884)                     | (324,900)               | -                             | -   |
| On acquisition of subsidiaries  | -                                     | -                             | 61,216  | -  | (6)                            | -                            | -                       | -                             | -   |
| On disposal and dilution of interests in subsidiaries                                     | -                                     | -                             | (337,959)   | -  | (125,534)                      | -                            | (14,100)                | -                             | -   |
| Disposal of investment securities   | -                                     | -                             | -   | -  | -                              | -                            | (8,213)                 | -                             | -   |
| Contributions from minority shareholders  | -                                     | -                             | -   | -  | 14,994                         | -                            | -                       | -                             | -   |
| Minority share of goodwill reserve of subsidiaries  | -                                     | -                             | -   | -  | (12,272)                       | -                            | -                       | -                             | -   |
| Minority share of results for the year  | -                                     | -                             | -   | -  | 56,603                         | -                            | -                       | -                             | -   |
| Dividends paid to minority shareholders   | -                                     | -                             | -   | -  | (18,092)                       | -                            | -                       | -                             | -   |
| At 31st March, 2000   | 319,349                               | 1,066,214                     | 850,013   | 238,440  | 733,195                        | -                            | 715,975                 | 616,425                       | -   |
| Translation adjustments   | -                                     | -                             | (89,930)  | (41,150)   | -                              | -                            | (139,581)               | (32,445)                      | -   |
| Share issue expenses  | (293)                                 | -                             | -   | -  | -                              | -                            | -                       | -                             | -   |
| Repurchase and redemption of the convertible bonds  | -                                     | (1,076,451)                   | -   | -  | -                              | -                            | -                       | -                             | -   |
| Amortisation of deferred expenditure on convertible bonds                                 | -                                     | 4,409                         | -   | -  | -                              | -                            | -                       | -                             | -   |
| Amortisation of premium payable upon final redemption of the convertible bonds            | -                                     | 5,828                         | -   | -  | -                              | -                            | -                       | -                             | -   |
| New loans raised  | -                                     | -                             | 900,594   | -  | -                              | -                            | -                       | -                             | -   |
| Repayments  | -                                     | -                             | (337,448)   | (56,186)   | (95,100)                       | -                            | -                       | -                             | -   |
| Issue of shares in a subsidiary to minority shareholders upon acquisition of a subsidiary | -                                     | -                             | -   | -  | 138,191                        | -                            | -                       | -                             | -   |
| On acquisition of subsidiaries  | -                                     | -                             | 287   | -  | 1,312                          | -                            | -                       | -                             | -   |
| On disposal and dilution of interests in subsidiaries                                     | -                                     | -                             | (933,129)   | (134,654)  | (722,910)                      | -                            | (576,394)               | (133,980)                     | -   |
| Contributions from minority shareholders  | -                                     | -                             | -   | -  | 746                            | -                            | -                       | -                             | -   |
| Minority share of goodwill reserve of subsidiaries  | -                                     | -                             | -   | -  | (73,520)                       | -                            | -                       | -                             | -   |
| Minority share of results for the year  | -                                     | -                             | -   | -  | 91,343                         | -                            | -                       | -                             | -   |
| Dividends paid to minority shareholders   | -                                     | -                             | -   | -  | (58,095)                       | -                            | -                       | -                             | -   |
| Additions to investment securities  | -                                     | -                             | -   | -  | -                              | -                            | 321,760                 | -                             | -   |
| Advances  | -                                     | -                             | -   | -  | -                              | -                            | -                       | -                             | 13,390  |
| At 31st March, 2001   | 319,056                               | -                             | 390,387   | 6,450  | 15,162                         | -                            | 321,760                 | 450,000                       | 13,390  |

FOR THE YEAR ENDED 31ST MARCH, 2001

## 42. MAJOR NON-CASH TRANSACTIONS

In addition to the non-cash consideration involved in the acquisition, and the disposal and dilution of interests in subsidiaries set out in notes 39 and 40, respectively, the Group also had the following major non-cash transactions during the year:

- (a) Issue of additional shares as scrip dividends, as set out in note 34.
- (b) Issue of loan note of HK\$321,760,000 (2000: Nil) as part of the consideration for the acquisition of certain investment securities.
- (c) Receipt of scrip dividends of HK\$110,000 (2000: Nil) from investments in listed securities.

For the year ended 31st March, 2000, the Group had the following major non-cash transactions:

- (d) Entry by the Group into finance leases and hire purchase contracts in respect of property, plant and equipment with a total capital value, at the inception of the leases and contracts, of approximately HK\$10,510,000.
- (e) Proceeds from disposal of unlisted investment securities of approximately HK\$8,213,000 was set-off against other loans.

## 43. RETIREMENT BENEFIT SCHEMES

The Group operates defined contribution retirement benefit schemes for qualifying employees. The assets of the schemes are separately held in funds under the control of trustees.

The cost charged to the income statement represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, there were no material forfeited contributions which arose upon employees leaving the schemes prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

With effective from 1st December, 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme"). The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

The retirement benefit scheme contributions arising from the MPF Scheme charged to the income statement represent contributions payable to the funds by the Group at the rates specified in the rules of the scheme.



#### 44. CONTINGENT LIABILITIES

|   | THE GROUP        |                  | THE COMPANY      |                  |
|---|------------------|------------------|------------------|------------------|
|   | 2001<br>HK\$'000 | 2000<br>HK\$'000 | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Outstanding performance bonds in respect of construction contracts  | <b>598,556</b>   | 1,135,136        | -                | -                |
| Guarantees given to banks and financial institutions in respect of general banking facilities granted to: |                  |                  |                  |                  |
| Subsidiaries  | -                | -                | <b>1,337,858</b> | 1,081,800        |
| Associates  | <b>84,206</b>    | 92,838           | <b>84,206</b>    | 85,693           |
| Jointly controlled entity   | <b>4,180</b>     | -                | <b>4,180</b>     | -                |
| Third parties   | -                | 9,800            | -                | 9,800            |
|   | <b>686,942</b>   | 1,237,774        | <b>1,426,244</b> | 1,177,293        |

At the balance sheet date, the Group had a number of employees who have completed the required number of years of service under the Employment Ordinance (the "Ordinance") to be eligible for long service payments on termination of their employment. The Group is only liable to make such payments if the termination of employment meets the circumstances which are specified in the Ordinance. Had the employment of all eligible employees been terminated on 31st March, 2001 and long service payments been paid under the Ordinance, the amount payable would have been approximately HK\$45,724,000 (2000: HK\$35,389,000). An amount of approximately HK\$22,220,000 (2000: HK\$23,925,000) will be offset by the Group's retirement benefit scheme and no provision has been made for the remaining balance in the financial statements.

In addition to the above, the Group has received claims for damages and injuries relating to its construction business. No provision has been made for these claims as they are either covered by insurance or will be indemnified by other parties.

FOR THE YEAR ENDED 31ST MARCH, 2001

**45. OPERATING LEASE COMMITMENTS**

At the balance sheet date, the Group had certain outstanding commitments under non-cancellable operating leases. The portion of these commitments which is payable in the following year is as follows:

|                                       | THE GROUP          |                  |                     |                  |
|---------------------------------------|--------------------|------------------|---------------------|------------------|
|                                       | Land and buildings |                  | Plant and machinery |                  |
|                                       | 2001<br>HK\$'000   | 2000<br>HK\$'000 | 2001<br>HK\$'000    | 2000<br>HK\$'000 |
| Operating leases which expire:        |                    |                  |                     |                  |
| Within one year                       | 502                | 15,878           | -                   | 29,488           |
| In the second to fifth year inclusive | 3,518              | 23,583           | -                   | 37,151           |
| Over five years                       | -                  | 11,973           | -                   | 11,588           |
|                                       | <b>4,020</b>       | 51,434           | -                   | 78,227           |

The Company did not have any significant commitments under non-cancellable operating leases as at the balance sheet date.

**46. COMMITMENTS**

|  | THE GROUP        |                  |
|--|------------------|------------------|
|  | 2001<br>HK\$'000 | 2000<br>HK\$'000 |
| Capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of property, plant and equipment | 3,003            | -                |
| Capital expenditure authorised but not contracted for in respect of properties held under development  | -                | 53,391           |
|  | <b>3,003</b>     | 53,391           |

The Company did not have any significant commitments as at the balance sheet date.

**47. PLEDGE OF ASSETS**

At 31st March, 2001, certain of the Group's properties, investment securities and debtors with an aggregate value of approximately HK\$2,489,008,000 (2000: HK\$2,221,887,000) and its benefits under certain construction contracts, have been pledged to banks, financial institutions and lenders to secure general credit facilities granted to the Group. Facilities amounting to approximately HK\$1,160,657,000 (2000: HK\$849,488,000) were utilised as at 31st March, 2001.

At 31st March, 2000, the issued shares of certain subsidiaries of the Company were also pledged to banks and financial institutions to secure general credit facilities granted to the Group.

#### 48. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Group entered into the following transactions with its associates, the associates and subsidiaries of ITC Corporation Limited ("ITC") and the subsidiaries of Sing Pao Media Group Limited ("Sing Pao", formerly known as Huey Tai International Limited). ITC is a substantial shareholder of the Company and Sing Pao was a substantial shareholder of the Company prior to 19th January, 2001.

| Class of related party   | Nature of transactions   | 2001     | 2000     |
|--------------------------|--|----------|----------|
|                          |  | HK\$'000 | HK\$'000 |
| Associates of the Group  | Construction works charged by the Group                                    | 163,625  | 271,737  |
|                          | Purchase of concrete products by the Group                                 | 15       | 971      |
|                          | Subcontracting fees charged to the Group                                   | 79       | 240      |
|                          | Interest income charged by the Group                                       | 5,359    | 5,816    |
|                          | Loan commitment fee charged by the Group                                   | -        | 183      |
|                          | Rentals and related building management fee charged by the Group           | 1,466    | 468      |
| Subsidiaries of ITC      | Rentals and related building management fee charged by the Group           | 348      | 916      |
|                          | Service fee income charged by the Group                                    | -        | 960      |
|                          | Purchase of building materials and related installation works by the Group | 266      | 2,551    |
| Associates of ITC        | Rentals and related building management fee charged by the Group           | 1,023    | 925      |
|                          | Interest income charged by the Group                                       | 18,178   | 10,194   |
| Subsidiaries of Sing Pao | Rentals and related building management fee charged by the Group           | 2,316    | 3,038    |

Details of the balance with associates and related companies at the balance sheet date are set out in notes 17, 23 and 24.

The above transactions were carried out on the following bases:

- Construction works and subcontracting fees were charged at terms determined and agreed by both parties.
- Purchase of concrete products and building materials were carried out in accordance with the negotiated prices.
- Interest was charged by reference to the principal outstanding and at the interest rate determined and agreed by both parties.
- Building management fee, service fee and loan commitment fee were charged at the pre-agreed rates.
- Rentals were charged at the pre-agreed fixed monthly amounts.

FOR THE YEAR ENDED 31ST MARCH, 2001

**49. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES**

Particulars of the Company's principal subsidiaries as at 31st March, 2001 are as follows:

| Name of subsidiary  | Place of incorporation/<br>registration | Issued and<br>fully paid<br>share capital/<br>registered capital  | Percentage of issued<br>share capital/<br>registered capital |                                      | Principal activities                               |
|---|---|---|--|--------------------------------------|--|
|   |   |   | held by the<br>Company* /<br>subsidiaries<br>%               | attributable<br>to the<br>Group<br>% |  |
| Airfield Works Joint<br>Venture ("AWJV")                  | Hong Kong                               | –<br><i>(note (a) below)</i>                                      | 51   | 72.9                                 | Civil engineering                                  |
| Calisan Developments<br>Limited                           | British Virgin<br>Islands               | US\$1<br>ordinary share   | 100  | 100                                  | Investment holding                                 |
| Corless Limited   | British Virgin<br>Islands               | US\$2<br>ordinary shares  | 100  | 100                                  | Investment holding                                 |
| Cycle Company<br>Limited                                  | Hong Kong                               | HK\$2<br>ordinary shares  | 100  | 100                                  | Property investment<br>and holding                 |
|   |   | HK\$2<br>non-voting<br>deferred shares<br><i>(note (b) below)</i> | –  | –                                    |  |
| DH Holdings Limited                                       | British Virgin<br>Islands               | US\$1<br>ordinary share   | 100  | 100                                  | Investment holding                                 |
| Downer - Paul Y. -<br>McAlpine Joint<br>Venture ("DPMJV") | Hong Kong                               | –<br><i>(note (a) below)</i>                                      | 50   | 72.3                                 | Civil engineering                                  |
| Full Winners Limited                                      | Hong Kong                               | HK\$2<br>ordinary shares  | 100  | 100                                  | Property holding                                   |
| Gunnell Properties<br>Limited                             | British Virgin<br>Islands               | US\$1<br>ordinary share   | 100  | 100                                  | Property investment<br>and holding                 |
| Hamker Concrete<br>Products Limited                       | Hong Kong                               | HK\$5,000,000<br>ordinary shares                                  | 70   | 70                                   | Manufacture and<br>trading of concrete<br>products |
| Hanfull Enterprises<br>Limited                            | British Virgin<br>Islands               | US\$1<br>ordinary share   | 100  | 100                                  | Securities investment                              |

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES (Continued)

| Name of subsidiary                                   | Place of incorporation/<br>registration | Issued and fully paid share capital/<br>registered capital   | Percentage of issued share capital/<br>registered capital |                                | Principal activities                                      |
|--|---|--|---|--------------------------------|---|
|  |   |  | held by the Company* /<br>subsidiaries<br>%               | attributable to the Group<br>% |   |
| Hey Wealth Limited                                   | Hong Kong                               | HK\$2<br>ordinary shares   | 100   | 100                            | Property development                                      |
| Kenwell Rubbers Products Limited                     | Hong Kong                               | HK\$10,000<br>ordinary shares  | 100   | 100                            | Manufacture of rubber rings                               |
| Nation Cheer Investment Limited                      | Hong Kong                               | HK\$1,200,000<br>ordinary shares   | 100   | 100                            | Securities investment and trading                         |
| Paul Y. - CREC Engineering Co., Limited              | Hong Kong                               | HK\$10<br>ordinary shares  | 70  | 70                             | Civil engineering   |
| Paul Y. - CREC Joint Venture                         | Hong Kong                               | –<br>(note (a) below)  | 70  | 70                             | Civil engineering   |
| Paul Y. - Downer Joint Venture                       | Hong Kong                               | –<br>(note (a) below)  | 50  | 72.3                           | Civil engineering   |
| Paul Y. - ITC (E & M) Contractors Limited            | Hong Kong                               | HK\$20,000,000<br>ordinary shares  | 99.9998   | 99.9998                        | Provision of electrical, mechanical and building services |
| Paul Y. - ITC Construction Group Limited             | Hong Kong                               | HK\$2<br>ordinary shares<br><br>HK\$1,000,000<br>non-voting<br>deferred shares<br>(note (d) below) | 100   | 100                            | Investment holding  |
| Paul Y. - ITC Construction Limited                   | Hong Kong                               | HK\$102,000,000<br>ordinary shares   | 100   | 100                            | Building construction                                     |
| Paul Y. - ITC Construction & Engineering Co. Limited | Hong Kong                               | HK\$42,000,000<br>ordinary shares  | 100   | 100                            | Building construction and specialist works                |

FOR THE YEAR ENDED 31ST MARCH, 2001

## 49. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES (Continued)

| Name of subsidiary                         | Place of incorporation/<br>registration | Issued and fully paid share capital/<br>registered capital        | Percentage of issued share capital/<br>registered capital |                                | Principal activities  |
|--|---|---|---|--------------------------------|---|
|  |   |   | held by the Company* /<br>subsidiaries<br>%               | attributable to the Group<br>% |   |
| Paul Y. - ITC Engineering Limited          | Hong Kong                               | HK\$2<br>ordinary shares  | 100   | 100                            | Building construction   |
| Paul Y. - ITC General Contractors Limited  | Hong Kong                               | HK\$36,000,000<br>ordinary shares                                 | 100   | 100                            | Civil engineering and building construction                     |
| Paul Y. - ITC Interior Contractors Limited | Hong Kong                               | HK\$2<br>ordinary shares  | 100   | 100                            | Interior decoration works                                       |
| Paul Y. - ITC International Limited        | British Virgin Islands                  | US\$1<br>ordinary share   | 100*  | 100                            | Provision of financial services                                 |
| Paul Y. - ITC Investments Group Limited    | British Virgin Islands                  | US\$1<br>ordinary share   | 100   | 100                            | Investment holding  |
| Paul Y. - ITC Management Limited           | Hong Kong                               | HK\$2<br>ordinary shares  | 100   | 100                            | Management services   |
| Paul Y. - ITC Plant Hire Limited           | Hong Kong                               | HK\$2<br>ordinary shares  | 100   | 100                            | Hire of motor vehicles and plant and machinery                  |
| Paul Y. Building Management Limited        | Hong Kong                               | HK\$2<br>ordinary shares  | 100   | 100                            | Property management services                                    |
| Paul Y. Construction Company, Limited      | Hong Kong                               | HK\$2<br>ordinary shares  | 100   | 100                            | Civil engineering, building construction and investment holding |
|  |   | HK\$50,000,000<br>non-voting preferred shares<br>(note (c) below) | –   | –                              |   |

49. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES (Continued)

| Name of subsidiary                      | Place of incorporation/<br>registration | Issued and<br>fully paid<br>share capital/<br>registered capital | Percentage of issued<br>share capital/<br>registered capital |                                      | Principal activities                         |
|---|---|--|--|--------------------------------------|--|
|   |   |  | held by the<br>Company* /<br>subsidiaries<br>%               | attributable<br>to the<br>Group<br>% |  |
| Paul Y. Foundation Holdings Limited     | British Virgin Islands                  | US\$1<br>ordinary share  | 100  | 100                                  | Investment holding                           |
| Paul Y. Foundation Limited              | Hong Kong                               | HK\$10,000,000<br>ordinary shares                                | 100  | 100                                  | Civil engineering and foundation works       |
| Paul Y. Properties Group Limited        | British Virgin Islands                  | US\$1<br>ordinary share  | 100*   | 100                                  | Investment holding                           |
| Paul Y. Tunnel Engineering Co. Limited  | Hong Kong                               | HK\$2<br>ordinary shares   | 100  | 100                                  | Civil engineering                            |
| Pavlox Limited                          | Hong Kong                               | HK\$100<br>ordinary shares                                       | 100  | 100                                  | Block paving                                 |
| Rosedale Hotel Management Limited       | Hong Kong                               | HK\$2<br>ordinary shares   | 100  | 100                                  | Hotel management                             |
| Rosedale Park Limited                   | Hong Kong                               | HK\$2<br>ordinary shares   | 100  | 100                                  | Hotel operation                              |
| Tai Shan Paul Y. Construction Co., Ltd. | PRC                                     | US\$5,005,340<br>registered capital                              | 100  | 100                                  | Civil engineering and building construction  |
| Trend Cheer Limited                     | Hong Kong                               | HK\$2<br>ordinary shares   | 100  | 100                                  | Securities investment                        |
| Unicon Concrete Products (HK) Limited   | Hong Kong                               | HK\$12,000,002<br>ordinary shares                                | 100  | 100                                  | Manufacture and trading of concrete products |

FOR THE YEAR ENDED 31ST MARCH, 2001

## 49. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES (Continued)

| Name of subsidiary                         | Place of incorporation/<br>registration | Issued and fully paid share capital/<br>registered capital         | Percentage of issued share capital/<br>registered capital |                             | Principal activities                         |
|--|---|--|---|-----------------------------|--|
|  |   |  | held by the Company* / subsidiaries %                     | attributable to the Group % |  |
| Unicon Trading Limited                     | Hong Kong                               | HK\$2<br>ordinary shares   | 100   | 100                         | Trading of concrete products                 |
| Unistress Concrete Products (H.K.) Limited | Hong Kong                               | HK\$200<br>ordinary shares   | 100   | 100                         | Manufacture and trading of concrete products |
|  |   | HK\$1,000,000<br>non-voting<br>deferred shares<br>(note (d) below) | 100   | 100                         |  |
| Unistress Group Limited                    | British Virgin Islands                  | US\$1<br>ordinary share  | 100   | 100                         | Investment holding                           |

All of the above subsidiaries operate in Hong Kong except Hamker Concrete Products Limited and Tai Shan Paul Y. Construction Co., Ltd. which operate in the PRC.

All of the above subsidiaries are private limited companies except the joint ventures which are unincorporated businesses.

## Notes:

- (a) No capital has been contributed by the joint venture partners of these joint ventures, although the Group has contributed working capital amounting to HK\$63,000,000 and HK\$121,000,000 to AWJV and DPMJV, respectively.
- (b) The holders of the non-voting deferred shares are not entitled to vote, are not entitled to any dividends unless the net profits of the company available for dividend exceed HK\$100,000,000,000,000 in which case they should be entitled to a fixed non-cumulative dividend at the rate of 5% per annum for any financial year and are, on winding up, only entitled out of the surplus assets of the company to a return of the capital after a total sum of HK\$100,000,000,000,000 has been distributed to the holders of the ordinary shares of the company.
- (c) The holders of the non-voting preferred shares are not entitled to vote, are not entitled to any dividends unless the net profits of the company available for dividend exceed HK\$100,000,000,000 in which case they should be entitled to a fixed non-cumulative dividend at the rate of 5% per annum for any financial year and are, on winding up, only entitled out of the surplus assets of the company to a return of the capital after a total sum of HK\$10,000,000,000 has been distributed to the holders of the ordinary shares of the company.
- (d) The holders of the non-voting deferred shares are not entitled to vote, are not entitled to any dividends for any financial year and are, on winding up or otherwise, only entitled out of the surplus assets of the company to a return of the capital after a total sum of HK\$100,000,000,000,000 has been distributed to the holders of the ordinary shares of the company.



**49. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES** (Continued)

Particulars of the Company's principal associates as at 31st March, 2001 are as follows:

| Name of associate   | Place of incorporation/registration | Issued and fully paid share capital/registered capital | Percentage of issued share capital/registered capital attributable to the Group % | Principal activities                                  |
|---|-------------------------------------|--|---|---|
| Bongear Elevator (HK) Limited                               | Hong Kong                           | HK\$38,000,000 ordinary shares                         | 45.0  | Elevators and escalators installation and maintenance |
| Downer EDI Limited (formerly known as Downer Group Limited) | Australia                           | A\$395,292,143.50 ordinary shares                      | 44.6  | Investment holding                                    |
| Gammon-Paul Y Joint Venture                                 | Hong Kong                           | –<br>(note below)                                      | 45.0  | Building construction                                 |
| Icfox International Limited                                 | Cayman Islands                      | US\$11 ordinary shares                                 | 27.3  | E-construction business                               |
| Paul Y - CREC Construction Co., Limited                     | Hong Kong                           | HK\$100 ordinary shares                                | 50.0  | Civil engineering                                     |
| Paul Y. - SELI Joint Venture                                | Hong Kong                           | –<br>(note below)                                      | 50.0  | Civil engineering                                     |
| Ting Kau Contractors Joint Venture ("TKCJV")                | Hong Kong                           | –<br>(note below)                                      | 20.2  | Civil engineering                                     |
| Zhujiang Kwan On Concrete Products Co., Ltd.                | PRC                                 | RMB6,320,000 registered capital                        | 50.0  | Manufacture and trading of concrete products          |

All of the above associates are private limited companies except (i) the joint ventures which are unincorporated businesses and (ii) Downer EDI Limited which is listed in Australia.

Except Icfox International Limited, which operates in Asia Pacific Region, the principal place of operation of each of the above associates is the same as its place of incorporation/registration.

All of the above associates are held by the Company indirectly.

FOR THE YEAR ENDED 31ST MARCH, 2001

**49. PARTICULARS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES** (Continued)

*Note:* No capital has been contributed by the joint venture partners of these joint ventures, although the Group has contributed working capital amounting to HK\$45,500,000 to TKCJV.

The above tables list the subsidiaries and associates of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries and associates would, in the opinion of the directors, result in particulars of excessive length.

The following financial information has been extracted from the published interim report of Downer, the Group's significant associate, for the six months ended 31st December, 2000:

|  | <b>31.12.2000</b> |
|--|-------------------|
|  | <b>HK\$'000</b>   |
| Total assets                           | <b>4,275,876</b>  |
| Total assets attributable to the Group | <b>2,563,815</b>  |

The turnover and results of Downer for the six months ended 31st December, 2000 have not been disclosed as Downer became an associate of the Group since 16th February, 2001 and the Group's share of results of Downer from 17th February, 2001 to 31st March, 2001 is insignificant.