

Notes

1. Basis of preparation and accounting policies

The unaudited condensed financial statements of the Group have been prepared in accordance with Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” issued by the Hong Kong Society of Accountants. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the Group’s audited financial statements for the year ended 31st March, 2001 except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice (“SSAPs”) issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January, 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases
SSAP 28	:	Provisions, contingent liabilities and contingent assets
SSAP 29	:	Intangible assets
SSAP 30	:	Business combinations
SSAP 31	:	Impairment of assets
SSAP 32	:	Consolidated financial statements and accounting for investments in subsidiaries

The changes to the Group’s accounting policies have no significant effect on the results for the current and prior periods except for:

SSAP 14 (revised) has introduced some amendments to the basis of accounting for finance and operating leases, and to the disclosures specified for the Group’s leasing arrangements. These changes have not had any material effect on the results for the current or prior periods and, accordingly, no prior period adjustment has been required. Disclosures for all of the Group’s leasing arrangements have been modified so as to comply with the requirements of SSAP 14. Comparative amounts have been restated in order to achieve a consistent presentation.

SSAP 30 prescribes the treatment of business combinations, including how to determine the date of acquisition, the fair value of the assets and liabilities acquired, and the treatment of goodwill (negative goodwill) on acquisition. The principal impact of this SSAP has been the disclosure of goodwill (negative goodwill) as an asset in the balance sheet and the amortisation of this goodwill (negative goodwill) over its estimated useful life to the profit and loss account. The Group has elected to restate negative goodwill previously credited to reserves. Accordingly, the amount of such negative goodwill has been remeasured in accordance with the requirements of SSAP 30. Negative goodwill which would have been recognised as income from the date of acquisition of the relevant subsidiary, associate or joint venture has been recognised retrospectively. The effect of these adjustments is summarised in note 8 below. Following restatement, negative goodwill is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

2. Segmental information

	Turnover		Contribution to profit from operating activities	
	Six months ended		Six months ended	
	30th September,		30th September,	
	2001	2000	2001	2000
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
				<i>(Restated)</i>
By activity:				
Foundation piling	509,777	260,000	38,592	17,710
Machinery leasing and trading	12,972	19,774	(13,971)	(3,541)
E&M engineering and building construction	143,548	61,105	8,677	12,236
Property investment	45,701	47,850	23,116	24,321
Property development	8,359	57,959	621	9,889
	<u>720,357</u>	<u>446,688</u>	<u>57,035</u>	<u>60,615</u>
Administrative expenses			(15,705)	(14,812)
			<u>41,330</u>	<u>45,803</u>
By geographical location:				
People’s Republic of China:				
Hong Kong	667,972	342,471	33,798	26,327
Elsewhere	52,385	104,217	23,237	34,288
	<u>720,357</u>	<u>446,688</u>	<u>57,035</u>	<u>60,615</u>
Administrative expenses			(15,705)	(14,812)
			<u>41,330</u>	<u>45,803</u>

3. **Profit before tax**

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30th September,	
	2001	2000
	<i>Unaudited</i>	<i>Unaudited</i>
	HK\$'000	HK\$'000
Net amortisation of goodwill	(750)	(772)
(Gain)/loss on disposal of fixed assets	(717)	83
Depreciation on owned assets	44,276	38,279
Depreciation on assets held under finance leases	2,703	3,617
	46,979	41,896
Interest expenses	13,996	18,440
Less: Amount capitalised in property under development	(1,340)	—
	12,656	18,440
Interest income	(777)	(1,115)
Dividend income from listed investments	(10)	—

4. **Tax**

	Six months ended 30th September,	
	2001	2000
	<i>Unaudited</i>	<i>Unaudited</i>
	HK\$'000	HK\$'000
Provision for tax in respect of profit for the period:		
The People's Republic of China:		
Hong Kong	1,990	2,017
Elsewhere	4,016	3,751
Overprovision in prior year:		
Hong Kong	—	(15)
Elsewhere	(123)	—
Deferred tax	(1,000)	—
	4,883	5,753

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes elsewhere in the People's Republic of China have been calculated at the tax rates prevailing in the areas in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

5. **Earnings per share**

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders of HK\$10,753,000 (2000: HK\$10,418,000) and on the weighted average number of 731,865,903 (2000: 731,865,903) ordinary shares in issue during the period.

The calculation of fully diluted earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders of HK\$10,753,000 and on the weighted average number of 731,865,903 ordinary shares in issue during the period plus the weighted average number of 859,843 potential dilutive ordinary shares deemed to be issued in respect of the outstanding share options during the period.

The diluted earnings per share for the period ended 30th September, 2000 has not been presented as the share options and convertible notes outstanding during the period had an anti-dilutive effect on the basic earnings per share for the period.

6. Trade receivables

	As at 30th September, 2001 <i>Unaudited</i> HK\$'000	As at 31st March, 2001 <i>Audited</i> HK\$'000
Trade receivables with aging analysis:		
Within 90 days	227,593	198,494
91 to 180 days	1,367	1,589
181 to 360 days	1,778	769
Over 360 days	319	18
	<u>231,057</u>	<u>200,870</u>
Retention receivables	<u>89,700</u>	<u>65,315</u>
	<u><u>320,757</u></u>	<u><u>266,185</u></u>

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers are within 90 days, and are subject to periodic review by management.

7. Trade payables and accruals

	As at 30th September, 2001 <i>Unaudited</i> HK\$'000	As at 31st March, 2001 <i>Audited</i> HK\$'000
Trade payables with aging analysis:		
Within 30 days	122,464	107,818
31 to 90 days	7,224	11,131
91 to 180 days	770	405
Over 180 days	1,423	1,768
	<u>131,881</u>	<u>121,122</u>
Retention payables	<u>18,187</u>	<u>13,299</u>
Accruals	<u>42,398</u>	<u>27,916</u>
	<u><u>192,466</u></u>	<u><u>162,337</u></u>

8. Reserves

	Retained profits/ (Accumulated losses) <i>Unaudited</i> HK\$'000	Share premium account <i>Unaudited</i> HK\$'000	Capital reserve <i>Unaudited</i> HK\$'000	Statutory reserves <i>Unaudited</i> HK\$'000	Exchange fluctuation reserve <i>Unaudited</i> HK\$'000	Total <i>Unaudited</i> HK\$'000
At 1st April, 2001						
As previously reported	(19,660)	508,577	92,953	3,158	3,171	588,199
Restatement of negative goodwill held in reserves with retrospective release to income	53,439	—	(92,953)	—	—	(39,514)
As restated	33,779	508,577	—	3,158	3,171	548,685
Profit for the period	10,753	—	—	—	—	10,753
Transfer to statutory reserves	(156)	—	—	156	—	—
Exchange realignment	—	—	—	—	(218)	(218)
At 30th September, 2001	<u><u>44,376</u></u>	<u><u>508,577</u></u>	<u><u>—</u></u>	<u><u>3,314</u></u>	<u><u>2,953</u></u>	<u><u>559,220</u></u>

9. Commitments and contingent liabilities

	As at 30th September, 2001 <i>Unaudited</i> HK\$'000	As at 31st March, 2001 <i>Audited</i> <i>(Restated)</i> HK\$'000
(a) Future capital expenditure		
Contracted for but not provided in the financial statements	—	20,474
Authorised but not contracted for	—	1,111
	<u>—</u>	<u>21,585</u>
(b) Commitments under non-cancellable operating leases for land and buildings to make payments		
Within one year	4,199	6,896
In the second to fifth years inclusive	10,630	10,295
After five years	1,330	2,781
	<u>16,159</u>	<u>19,972</u>
(c) Contingent liabilities		
Long service payments	8,776	9,139
Guarantees in respect of performance bonds	182,960	77,189
	<u>191,736</u>	<u>86,328</u>

10. Comparative figures

Certain comparative figures have been restated based on the change in accounting policies as set out in note 1 in the interim financial statements.