

## 1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Hong Kong Statement of Standard Accounting Practice (“SSAP”) 25 “Interim Financial Reporting”, issued by the Hong Kong Society of Accountants.

The Group has also adopted SSAP34 “Employee Benefits”, which is effective for the period commencing on or after 1st January 2002.

The accounting policies adopted are consistent with those described in the 2001 Annual Report and Financial Statement.

## 2. SEGMENT INFORMATION

The Group is principally engaged in property development and investment, manufacture, sale and distribution of construction materials. A summary of business segments is set out as follows:

	<b>Properties and Others</b>	<b>Construction materials</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Six months ended 30th June 2002</b>			
Turnover	649,647	492,182	1,141,829
Other revenues	2,325	2,609	4,934
	<u>649,647</u>	<u>492,182</u>	<u>1,141,829</u>
Operating profit	<u>47,857</u>	<u>35,704</u>	83,561
Finance costs			(2,114)
Share of profits less losses of			
Jointly controlled entities	(8)	691	683
Associated companies	(1,455)	(530)	(1,985)
			<u>80,145</u>
Profit before taxation			<u>80,145</u>

## Notes to the Financial Statements

	<b>Properties and Others</b> <i>HK\$'000</i>	<b>Construction materials</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>Six months ended 30th June 2001</b>			
Turnover	677,517	541,670	1,219,187
Other revenues	4,548	6,190	10,738
	<u>31,740</u>	<u>64,739</u>	<u>96,479</u>
Operating profit			96,479
Finance costs			(4,935)
Share of profits less losses of			
Jointly controlled entities	(4)	313	309
Associated companies	(2,321)	26	(2,295)
Profit before taxation			<u>89,558</u>

A summary of geographical segments is set out as follows:

	Turnover		Operating profit	
	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
Hong Kong	816,823	815,391	75,010	78,489
Mainland China and others	325,006	403,796	8,551	17,990
	<u>1,141,829</u>	<u>1,219,187</u>	<u>83,561</u>	<u>96,479</u>

**3. OPERATING PROFIT**

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Operating profit is stated after crediting:</b>		
Unrealised gain of other investments	1,350	3,750
Profit on disposal of listed investments	103	6,583
Profit on disposal of fixed assets	74	166
	<u>          </u>	<u>          </u>
<b>and after charging:</b>		
Cost of inventories sold	377,205	395,783
Depreciation	32,083	41,109
Amortisation		
Quarry site development	394	887
Overburden removal costs	7,506	5,110
Royalties	1,108	3,177
Operating lease rental for land and buildings	6,671	9,144
Unrealised loss of long-term investments	697	—
	<u>          </u>	<u>          </u>

**4. TAXATION**

	2002	2001
	<i>HK\$'000</i>	<i>HK\$'000</i>
Company and subsidiaries		
Hong Kong profits tax	(6,002)	(13,539)
(Under)/over-provision in prior years	(15)	9,686
Overseas taxation	(6,504)	(5,610)
Deferred taxation	2,693	—
Jointly controlled entities		
Overseas taxation	(209)	—
Associated companies		
Hong Kong profits tax	—	(23)
	<u>          </u>	<u>          </u>
	<u>(10,037)</u>	<u>(9,486)</u>

Hong Kong profits tax has been provided at the rate of 16% (2001: 16%) on the estimated assessable profits for the period.

Taxation assessable on profits generated overseas has been provided at the rates of taxation prevailing in the countries in which the Group operates.

## 5. EARNINGS PER SHARE

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$56,288,000 (2001: HK\$50,577,000) and the weighted average number of shares in issue during the period of 1,873,180,000 shares (2001: 1,765,456,000 shares).

The diluted earnings per share is not presented as the exercise of the share options outstanding as at 30th June 2002 would not have a dilutive effect on the earnings per share.

## 6. DIVIDENDS

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
2001 Final scrip dividend with a cash option, payable, of 2 cents per share		
Scrip	14,841	—
Cash	22,672	—
2000 Final scrip dividend with a cash option, paid, of 2 cents per share		
Scrip	—	24,644
Cash	—	10,668
	<u>37,513</u>	<u>35,312</u>

The Board of Directors declares an interim dividend of 1 cent per ordinary share (2001: 1 cent), totalling HK\$18,964,000 for the six months ended 30th June 2002 (2001: HK\$18,235,000) to shareholders whose names appear on the registers of members of the Company at the close of business on 11th October 2002. This amount will be accounted for as an appropriation of revenue reserves in the year ending 31st December 2002.

## 7. CAPITAL EXPENDITURE

For the six months ended 30th June 2002, the Group incurred HK\$32 million on fixed assets and HK\$18 million on deferred expenditure.

### 8. DEBTORS, PREPAYMENTS AND OTHER RECEIVABLES

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
Trade debtors	310,112	304,948
Other receivable and deposits	441,610	186,604
Prepayments	53,647	50,520
	805,369	542,072
	805,369	542,072

The Group has established credit policies which follow local industry standard. The average normal credit period offered ranges from 30 to 60 days for customers in Hong Kong and 120 to 180 days for customers in Mainland China. These are subject to periodic review by management.

The ageing analysis of the Group's trade debtors based on the date of invoices and net of provision for bad and doubtful debts is as follows:

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
Within one month	125,810	147,516
Two to three months	128,323	110,486
Four to six months	39,816	31,363
Over six months	16,163	15,583
	310,112	304,948
	310,112	304,948

## 9. CREDITORS AND ACCRUALS

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
Trade creditors	283,431	272,798
Other creditors	97,215	80,504
Accrued operating expenses	96,027	123,632
Deposits received	13,381	16,051
	<u>490,054</u>	<u>492,985</u>

The ageing analysis of the Group's trade creditors based on the dates of the invoices is as follows:

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
Within one month	233,160	223,342
Two to three months	37,550	27,560
Four to six months	5,419	14,836
Over six months	7,302	7,060
	<u>283,431</u>	<u>272,798</u>



## Notes to the Financial Statements

### 11. RESERVES

	2002 <i>HK\$'000</i>	2001 <i>HK\$'000</i>
At 1st January	2,196,995	2,121,402
Changes in exchange rates	(108)	(173)
Premium on shares issued	1,674	89
Profit for the period	56,288	50,577
Final dividend	(22,672)	(35,312)
	<u>2,232,177</u>	<u>2,136,583</u>

### 12. LONG-TERM LIABILITIES

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
Bank loans		
Secured	1,594,210	1,031,857
Unsecured	747,226	662,842
Obligations under finance leases wholly payable within five years	—	638
	<u>2,341,436</u>	<u>1,695,337</u>
Current portion included in current liabilities	(530,959)	(431,877)
	<u>1,810,477</u>	<u>1,263,460</u>

## 13. COMMITMENTS

	30th June 2002 <i>HK\$'000</i>	31st December 2001 <i>HK\$'000</i>
(a) Commitments in respect of property developments Contracted but not provided for	<u>758,797</u>	<u>283,128</u>
(b) Commitments in respect of capital expenditure Contracted but not provided for	<u>38,466</u>	<u>38,531</u>
(c) Commitments in respect of other investments Contracted but not provided for	<u>163,145</u>	<u>78,325</u>