1. CORPORATE INFORMATION

The registered office of the Company is located at Cedar House, 41 Cedar Avenue, Hamilton HM12, Bermuda.

During the year, the Group was principally involved in the undertaking of superstructure construction, foundation piling, substructure works, slope improvement, special construction projects and interior decoration works in Hong Kong, Special Administrative Region ("Hong Kong, SAR").

2. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE

The following recently-issued and revised Hong Kong Statements of Standard Accounting Practice ("SSAPs") and related Interpretations are effective for the first time for the current year's financial statements:

- SSAP 9 (Revised): "Events after the balance sheet date"
- SSAP 14 (Revised): "Leases"
- SSAP 18 (Revised): "Revenue"
- SSAP 26: "Segment reporting"
- 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"
- Interpretation 12: "Business combinations – subsequent adjustment of fair values and goodwill initially reported"
- Interpretation 13: "Goodwill – continuing requirements for goodwill and negative goodwill previously eliminated against/credited to reserves"

2. IMPACT OF NEW AND REVISED HONG KONG STATEMENTS OF STANDARD ACCOUNTING PRACTICE (continued)

These SSAPs and related Interpretations prescribe new accounting measurement and disclosure practices. The major effects on the Group's accounting policies and on the amounts disclosed in these financial statements of those SSAPs and related Interpretations which have had a significant effect on the financial statements, are summarised as follows:

SSAP 14 (Revised) prescribes the basis for lessor and lessee accounting for finance and operating leases, and the required disclosures in respect thereof. Certain amendments have been made to the previous accounting measurement treatments. However, these amendments have not had a material effect on the amounts previously recorded in the profit and loss account and balance sheet, and therefore no prior year adjustment has been required. The disclosure changes under this SSAP have resulted in changes to the detailed information disclosed for operating leases, as further detailed in note 28 to the financial statements.

SSAP 26 prescribes the principles to be applied for reporting financial information by segment. It requires that management determines whether the Group's predominant risks or returns are based on business segments or geographical segments and that they choose one of these bases to be the primary segment information reporting format, with the other as the secondary segment information reporting format. The principal impact of this SSAP is the inclusion of additional segment reporting disclosures which are set out in note 5 to the financial statements.

SSAP 30 prescribes the accounting treatment for business combinations, including the determination of the date of acquisition, the method for determining the fair values of the assets and liabilities acquired, and the treatment of goodwill or negative goodwill arising on acquisition. The SSAP requires the disclosure of goodwill and negative goodwill in the non-current assets section of the consolidated balance sheet. It requires that goodwill is amortised to the consolidated profit and loss account over its estimated useful life. Interpretation 13 prescribes the application of SSAP 30 to goodwill arising from acquisitions in previous years which remains eliminated against consolidated reserves. The adoption of the SSAP and Interpretation has not resulted in a prior year adjustment, for the reasons detailed in notes 3 and 26 to the financial statements, respectively. The required new additional disclosures are included in note 26 to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with SSAPs, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention except for the remeasurement of certain fixed assets and short term investments, as explained in the respective accounting policies below.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2002. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group have been eliminated on consolidation.

Subsidiaries

A subsidiary is a company whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The Company's interests in subsidiaries are stated at cost less any impairment losses.

Joint venture companies

A joint venture company is a company set up by contractual arrangement, whereby the Group and other parties undertake an economic activity. The joint venture company operates as a separate entity in which the Group and the other parties have an interest.

The joint venture agreement between the venturers stipulates the capital contributions of the joint venture parties, the duration of the joint venture and the basis on which the assets are to be realised upon its dissolution. The profits and losses from the joint venture company's operations and any distributions of surplus assets are shared by the venturers, either in proportion to their respective capital contributions, or in accordance with the terms of the joint venture agreement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint venture companies (continued)

A joint venture company is treated as:

(a) a subsidiary, if the Company has unilateral control over the joint venture company;

(b) a jointly-controlled entity, if the Company does not have unilateral control, but has joint control over the joint venture company;

(c) an associate, if the Company does not have unilateral or joint control, but holds generally not less than 20% of the joint venture company's registered capital and is in a position to exercise significant influence over the joint venture company; or

(d) a long term investment, if the Company holds less than 20% of the joint venture company's registered capital and has neither joint control of, nor is in a position to exercise significant influence over, the joint venture company.

Jointly-controlled entities

A jointly-controlled entity is a joint venture company which is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

The Group's share of the post-acquisition results and reserves of jointly-controlled entities is included in the consolidated profit and loss account and consolidated reserves, respectively. Where the profit sharing ratio is different to the Group's equity interest, the share of post-acquisition results of the jointly-controlled entities is determined based on the agreed profit sharing ratio. The Group's interests in jointly-controlled entities are stated in the consolidated balance sheet at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The results of jointly-controlled entities are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in jointly-controlled entities are treated as non-current assets and are stated at cost less any impairment losses.

Associates

An associate is a company, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Associates (continued)

The Group's share of the post-acquisition results and reserves of an associate is included in the consolidated profit and loss account and consolidated reserves, respectively. The Group's interests in associates are stated in the consolidated balance sheet at the Group's share of the net assets under the equity method of accounting, less any impairment losses.

The results of associates are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's interests in associates are treated as non-current assets and are stated at cost less any impairment losses.

Goodwill

Goodwill arising on the acquisition of subsidiaries, associates and jointly-controlled entities represent the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired as at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of not exceeding 20 years. In the case of associates and jointly-controlled entities, any unamortised goodwill is included in the carrying amount thereof, rather than as a separately identified asset on the consolidated balance sheet.

In prior years, goodwill arising on acquisitions was eliminated against consolidated reserves in the year of acquisition. The Group has adopted the transitional provision of SSAP 30 that permits goodwill on acquisitions which occurred prior to the Group's accounting period beginning 1 April 2001, to remain eliminated against consolidated reserves. Goodwill on subsequent acquisitions is treated according to the new accounting policy above.

On disposal of subsidiaries, associates or jointly-controlled entities, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of positive goodwill which remains unamortised and any relevant consolidated reserves, as appropriate. Any attributable goodwill previously eliminated against consolidated reserves at the time of acquisition is written back and included in the calculation of the gain or loss on disposal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Goodwill (continued)

The carrying amount of goodwill, including goodwill remaining eliminated against consolidated reserves, is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Impairment of assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any asset, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net selling price.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognised for the asset in prior years.

A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fixed assets and depreciation

Fixed assets, other than investment properties, are stated at cost or valuation less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account 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 fixed asset, the expenditure is capitalised as an additional cost of that asset.

Changes in the values of fixed assets, other than investment properties, are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the profit and loss account. A subsequent revaluation increase is credited to the profit and loss account to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each asset over its estimated useful life. The principal annual rates used for this purpose are as follows:

Medium term leasehold land and buildings	Over the lease terms
Plant and machinery	10%
Furniture and equipment	20%
Motor vehicles	20%

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential, any rental income being negotiated at arm's length. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations performed at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

Leased assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and are depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Short term investments

Short term investments are investments in investment funds held for trading purposes and are stated at their fair values at the balance sheet date. The gains or losses arising from changes in the fair value of the investment funds are credited or charged to the profit and loss account in the period in which they arise.

Construction contracts

Construction contracts are accounted for in the balance sheet as contract costs incurred plus recognised profits, less recognised losses and progress billings. Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue is recognised based on the stage of completion of the construction work performed which is established by reference to the value of work certified to date by independent architects in comparison to total contract value.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers.

Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Cash equivalents

For the purpose of the consolidated cash flow statement, 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 advance. For the purpose of balance sheet classification, cash equivalents represent assets similar in nature to cash which are not restricted as to use.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax

Deferred tax is provided, using the liability method, on all significant timing differences in the recognition of revenue and expenses for tax and for financial reporting purposes, to the extent it is probable that the liability will crystallise in the foreseeable future. A deferred tax asset is not recognised until its realisation is assured beyond reasonable doubt.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) the value of construction work performed is recognised based on the stage of completion of the construction work performed which is established by reference to the value of work certified to date by independent architects in comparison to total contract value, as further explained in the accounting policy for "Construction contracts" above;

(b) management service income, when such service is rendered;

(c) rental income, on a time proportion basis over the lease terms; and

(d) interest income, on a time proportion basis taking into account the principal outstanding and the effective interest rate applicable.

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. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

Foreign currency transactions are recorded at the applicable rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable rates of exchange ruling at that date. Exchange differences are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries are translated into Hong Kong dollars at the applicable rates of exchange ruling at the balance sheet date. The resulting translation differences are included in the exchange fluctuation reserve.

Retirement benefits scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for all its employees who are eligible to participate in the MPF scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme in accordance with the rules of the MPF Scheme.

4. TURNOVER, OTHER REVENUE AND GAINS

Turnover represents the aggregate of the gross value of work earned from superstructure construction, foundation piling, substructure works, slope improvement works, special construction projects and interior decoration works ("Construction Contracts"). All significant intra-group transactions within the Group have been eliminated on consolidation.

An analysis of the Group's turnover, other revenue and gains is as follows:

	2002	2001
	HK$'000	HK$'000
Turnover:		
Undertaking of construction contract works	**459,431**	574,285
Other revenue:		
Interest income	**2,030**	7,086
Service fee income	**2,103**	2,155
Rental income from investment properties	**31**	245
Rental income from machinery held for operating lease purposes	**1,902**	3,188
Other	**2,634**	2,744
	8,700	15,418
Gains:		
Gain on disposal of short term investments	**–**	682
Gain on disposal of subsidiaries	**3,260**	–
	3,260	682
	471,391	590,385

5. SEGMENT INFORMATION

SSAP 26 was adopted during the year, as further explained in note 2 to the financial statements. Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are organised and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represent a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Summary details of the business segments are as follows:

(a) Superstructure construction works segment;

(b) Foundation piling, substructure works and slope improvement works segment;

(c) Special construction projects including civil engineering work and electrical and mechanical works segment;

(d) Interior decoration works segment; and

(e) Corporate and other segment comprises the Group's investment holding, trading of construction machines and insurance brokerage services.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

5. SEGMENT INFORMATION (continued)

(a) Business segments

The following tables present revenue, loss and certain asset, liability and expenditure information for the Group's business segments.

Group

	Superstructure construction works		Foundation piling, substructure works and slope improvement works		Special construction projects		Interior decoration works		Corporate and Other		Eliminations		Consolidated	
	2002	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001	**2002**	2001
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Segment revenue:														
Sales to external customers	**94,028**	102,768	**281,466**	374,465	**67,876**	80,658	**13,928**	15,474	**2,133**	920	**–**	–	**459,431**	574,285
Intersegment sales	**–**	–	**–**	–	**13,235**	19,964	**3,380**	5,085`	**–**	–	**(16,615)**	(25,049)	**–**	–
Other revenue	**191**	565	**4,212**	1,254	**860**	9	**–**	–	**1,408**	6,334	**–**	–	**6,671**	8,162
Intersegment revenue	**–**	7,459	**1,107**	2,279	**–**	–	**–**	–	**–**	–	**(1,107)**	(9,738)	**–**	–
Total	**94,219**	110,792	**286,785**	377,998	**81,971**	100,631	**17,308**	20,559	**3,541**	7,254	(17,722)	(34,787)	**466,102**	582,447
Segment results	**(28,080)**	(7,180)	**8,726**	(34,489)	**(5,768)**	(19,788)	**(143)**	(5,539)	**(3,190)**	287	**(551)**	(3,121)	**(29,006)**	(69,830)
Interest income and other unallocated revenue and gains													**5,289**	7,938
Unallocated expenses													**(14,546)**	(10,040)
Loss from operating activities													**(38,263)**	(71,932)
Finance costs													**(488)**	(254)
Share of profits and (losses) of:														
Jointly-controlled entities	**4,607**	(812)	**–**	–	**(225)**	(59)	**–**	–	**(35)**	(38)	**–**	–	**4,347**	(909)
Associates	**–**	–	**–**	–	**–**	–	**–**	–	**(4)**	–	**–**	–	**(4)**	–
Loss before tax													**(34,408)**	(73,095)
Tax													**668**	2,045
Loss before minority interests													**(33,740)**	(71,050)
Minority interests													**4,398**	(590)
Net loss from ordinary activities attributable to shareholders													**(29,342)**	(71,640)

5. SEGMENT INFORMATION (continued)

(a) Business segments (continued)

Group

	Superstructure construction works 2002 HK$'000	Superstructure construction works 2001 HK$'000	Foundation piling, substructure works and slope improvement works 2002 HK$'000	Foundation piling, substructure works and slope improvement works 2001 HK$'000	Special construction projects 2002 HK$'000	Special construction projects 2001 HK$'000	Interior decoration works 2002 HK$'000	Interior decoration works 2001 HK$'000	Corporate and Other 2002 HK$'000	Corporate and Other 2001 HK$'000	Eliminations 2002 HK$'000	Eliminations 2001 HK$'000	Consolidated 2002 HK$'000	Consolidated 2001 HK$'000
Segment assets	39,593	40,028	79,118	127,391	37,447	45,977	7,640	3,319	28,539	43,153	(493)	(1,717)	191,844	258,151
Interests in associates	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interests in jointly-controlled entities	(2,101)	(810)	–	–	8,462	3,540	–	–	(296)	(260)	–	–	6,065	2,470
Unallocated assets													73,935	109,663
Total assets													271,844	370,284
Segment liabilities	37,966	28,896	65,041	107,887	12,018	30,034	2,838	3,460	26,603	15,555	565	–	145,031	185,832
Unallocated liabilities													13,300	36,616
Total liabilities													158,331	222,448
Minority interests													1,537	6,547
Other segment information:														
Depreciation	535	432	4,027	3,312	5,096	4,154	12	12	923	4,556	–	–	10,593	12,466
Other non-cash expenses	8,007	–	1,585	19,432	995	11,425	280	(786)	2,999	1,905	–	–	13,866	31,976
Capital expenditure	435	204	6,349	12,063	161	299	–	–	1,240	20,277	–	–	8,185	32,843

(b) Geographical segments

Over 90% of the Group's revenue, results and assets are derived from customers and operations based in the Hong Kong, SAR and accordingly, no further analysis of the Group's geographical segments is presented.

6. LOSS FROM OPERATING ACTIVITIES

The Group's loss from operating activities is arrived at after charging/(crediting):

	Group	
	2002	2001
	HK$'000	HK$'000
Cost of services provided	**458,961**	595,421
Depreciation	**10,593**	12,466
Less: Amounts capitalised on construction contracts	**(9,395)**	(7,692)
	1,198	4,774
Minimum lease payments under operating leases:		
Land and buildings	**2,186**	2,721
Plant and machinery	**21,618**	23,999
Less: Amounts capitalised on construction contracts	**(21,478)**	(23,752)
	140	247
Auditors' remuneration	**680**	950
Staff cost (excluding directors' remuneration – note 8)		
Wages and salaries	**55,755**	61,656
Pension scheme contributions	**1,622**	667
Less: Amounts capitalised on construction contracts	**(39,414)**	(49,458)
	17,963	12,865

6. LOSS FROM OPERATING ACTIVITIES (continued)

The Group's loss from operating activities is arrived at after charging/(crediting):

	Group	
	2002	2001
	HK$'000	HK$'000
Loss on disposal of fixed assets	**1,041**	577
Loss on disposal of an investment property	**460**	–
Unrealised loss on revaluation of short term investments	**1,034**	–
Provision for an advance to an associate	**375**	11,431
Provision for an amount due from a related company	**3,044**	–
Provision for non-recoverable amounts due from contract customers	**5,605**	19,432
Reversal of provision for non-recoverable amounts due from contract customers	**(590)**	(786)
Deficit arising from revaluation of investment property and leasehold land and buildings (note 12)	**1,243**	728
Deficit arising from revaluation of plant and machinery and motor vehicles (note 12)	**1,654**	594
Rental income, net of outgoings of HK$41,000 (2001: HK$38,000) from investment properties	**(31)**	(245)
Rental income, gross and net, from machinery held for operating lease purposes	**(1,902)**	(3,188)
Interest income	**(2,030)**	(7,086)
Gain on disposal of subsidiaries	**(3,260)**	–
Gain on disposal of short term investments	**–**	(682)

7. FINANCE COSTS

	Group	
	2002	2001
	HK$'000	HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	**488**	254
Interest on finance leases	**188**	160
Total interest	**676**	414
Less: Interest capitalised	**(188)**	(160)
	488	254

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Directors' remuneration disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance are as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Fees:		
Executive directors	**600**	300
Non-executive director	**300**	150
Independent non-executive directors	**660**	660
Other emoluments to executive directors:		
Salaries, allowances and benefits in kind	**5,603**	7,102
Pension scheme contributions	**60**	20
	7,223	8,232

The amount of directors' remuneration which is directly attributable to construction activities and capitalised in construction contracts amounted to HK$3,624,000 (2001: HK$3,909,000).

The directors' remuneration shown above does not include the estimated monetary value of the Group's owned premises provided rent-free to a director. The estimated rental value of such accommodation was HK$142,000 for the year ended 31 March 2002 (2001: HK$150,000).

Details of the aggregate directors' remuneration are as follows:

The number of directors whose remuneration fell within the following bands is as follows:

	Number of directors 2002	Number of directors 2001
Nil – HK$1,000,000	**9**	9
HK$1,000,001 – HK$1,500,000	**2**	3
HK$1,500,001 – HK$2,000,000	**1**	1
	12	13

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS (continued)

The five highest paid individuals during the year included four (2001: four) directors, details of whose remuneration are set out above. The remuneration paid to the remaining non-director, highest paid individual (2001: one) for the year are as follows:

	Group	
	2002	2001
	HK$'000	HK$'000
Basic salaries, housing, other allowances and benefits in kind	**1,463**	1,653
Pension scheme contributions	**12**	4
	1,475	1,657

The number of non-director, highest paid individual whose remuneration fell within the following bands is as follows:

	Number of employees 2002	Number of employees 2001
HK$1,000,001 – HK$1,500,000	**1**	–
HK$1,500,001 – HK$2,000,000	**–**	1
	1	1

9. TAX

	2002 HK$'000	2001 HK$'000
Group:		
Current year provision – Hong Kong	–	121
Overprovision in prior year	(979)	–
Deferred tax credit – note 24	(441)	(2,166)
	(1,420)	(2,045)
Share of tax attributable to jointly-controlled entities	752	–
Tax credit for the year	(668)	(2,045)

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits attributable to its operations in Hong Kong during the year (2001: 16%).

No provision for profits tax has been made for the Group's associates because they did not generate any assessable profits arising in the respective jurisdictions that they operated during the year (2001: Nil).

10. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from operating activities attributable to shareholders for the year ended 31 March 2002 dealt with in the financial statements of the Company is HK$29,313,000 (2001: HK$68,054,000).

11. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss attributable to shareholders for the year of HK$29,342,000 (2001: HK$71,640,000) and the weighted average of 287,500,000 ordinary shares (2001: Weighted average of 287,500,000 ordinary shares) in issue during the year.

Diluted loss per share amounts for the two years ended 31 March 2002 have not been presented because the Company had no potential ordinary shares outstanding which had a dilutive effect on the basic loss per share for these years.

12. FIXED ASSETS

Group

	Investment property HK$'000	Medium term leasehold land and buildings HK$'000	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost or valuation:						
At beginning of year	4,600	2,600	60,566	5,992	2,297	76,055
Additions	-	-	6,118	1,371	696	8,185
Disposals	(2,200)	-	(455)	-	(833)	(3,488)
Disposal of subsidiaries	-	-	(26,985)	(13)	-	(26,998)
Deficit on revaluation	(900)	(400)	(10,476)	-	(553)	(12,329)
At 31 March 2002	1,500	2,200	28,768	7,350	1,607	41,425
Accumulated depreciation and impairment:						
At beginning of year	–	–	–	4,409	–	4,409
Provided during the year	–	57	8,620	1,103	813	10,593
Disposal of subsidiaries	–	–	–	(2)	–	(2)
Written back upon revaluation	–	(57)	(8,620)	–	(813)	(9,490)
At 31 March 2002	–	–	–	5,510	–	5,510
Net book value:						
At 31 March 2002	1,500	2,200	28,768	1,840	1,607	35,915
At 31 March 2001	4,600	2,600	60,566	1,583	2,297	71,646
Analysis of cost or valuation:						
At cost	–	–	–	7,350	–	7,350
At valuation	1,500	2,200	28,768	–	1,607	34,075
At 31 March 2002	1,500	2,200	28,768	7,350	1,607	41,425
At cost	–	-	-	5,992	–	5,992
At valuation	4,600	2,600	60,566	–	2,297	70,063
At 31 March 2001	4,600	2,600	60,566	5,992	2,297	76,055

12. FIXED ASSETS (continued)

Company

	Furniture and equipment HK$'000
Cost:	
Additions and at 31 March 2002	1,280
Accumulated depreciation and impairment:	
Provided during the year and at 31 March 2002	316
Net book value:	
At 31 March 2002	964

The investment property is situated in Hong Kong, SAR and is held under medium term leases. At 31 March 2002, the investment property was carried at valuation performed by Vigers Hong Kong Limited, an independent firm of professional valuers, on the open market, existing use basis at HK$1,500,000, and a deficit of HK$900,000 arising therefrom has been charged to the profit and loss account (note 6). The investment property is leased to third parties under operating leases, further summary details of which are included in note 28 to the financial statements. Further particulars of the Group's investment properties are included in page 90.

The medium term leasehold land and buildings are situated in Hong Kong, SAR. At 31 March 2002, the leasehold land and buildings were carried at valuation performed by Vigers Hong Kong Limited, on the open market, vacant possession basis at HK$2,200,000, and a deficit of HK$343,000 arising therefrom has been charged to the profit and loss account (note 6).

At 31 March 2002, the plant and machinery and motor vehicles were carried at valuation performed by Vigers Hong Kong Limited, on the fair market value, continued use basis at HK$28,768,000 and HK$1,607,000, respectively. A deficit of HK$1,654,000, a deficit of HK$2,719,000 and a surplus of HK$2,777,000 arising from these revaluations have been charged to the profit and loss account (note 6), debited to the asset revaluation reserve (note 26) and credited to the asset revaluation reserve (note 26), respectively. The directors believe that the carrying value of furniture and equipment of HK$1,840,000 approximates its fair value as at 31 March 2002 and, in view of the immateriality of the amount involved, a professional valuation has not been carried out on these assets.

12. FIXED ASSETS (continued)

Had the Group's fixed assets been stated at cost less accumulated depreciation, the carrying amounts of leasehold land and buildings, plant and machinery, and motor vehicles as at 31 March 2002 would have been restated at HK$5,532,000, HK$26,456,000 and HK$1,009,000, respectively.

The net book value of assets held under finance leases included in the total amount of plant and machinery at 31 March 2002 amounted to HK$2,354,000 (2001: HK$2,900,000). The depreciation charge for the year in respect of all such assets held under finance leases amounted to HK$289,000 (2001: HK$669,000).

Certain of the Group's fixed assets in their aggregate carrying values of HK$3,700,000 (2001: HK$32,325,000) have been pledged as security in respect of banking facilities granted to the Group as at 31 March 2002. Further details regarding these pledge of fixed assets are set out in note 22 to the financial statements.

13. INTERESTS IN JOINTLY-CONTROLLED ENTITIES

	Group	
	2002	2001
	HK$'000	HK$'000
Share of net assets	**8,462**	4,384
Share of net deficiency in assets (note 29 (ii))	**(2,397)**	(1,914)
	6,065	2,470

The amounts due from jointly-controlled entities are classified as current assets under other receivables (note 17).

The Group's share of net profits of jointly-controlled entities for the year amounted to HK$3,595,000 (2001: net losses of HK$909,000).

The Group's share of retained profits of jointly-controlled entities at the balance sheet date amounted to HK$2,465,000 (2001: accumulated losses: HK$1,130,000)

13. INTERESTS IN JOINTLY-CONTROLLED ENTITIES (continued)

Particulars of the jointly-controlled entities are as follows:

Name	Business structure	Place of incorporation and operations	Voting power controlled by the Group	Percentage of equity interest and profit sharing attributable to the Group	Principal activities
AWG-JV	Partnership	Hong Kong	50.0	50.0	Superstructure construction
AWG-JV Limited	Corporate	Hong Kong	50.0	50.0	Foundation and piling works
Costain-China Habour Joint Venture*	Unincorporated	Hong Kong	33-1/3	40.0	Foundation and piling works
CCL Joint Venture	Unincorporated	Hong Kong	33-1/3	33.0	Superstructure construction
China Habour-Transfield Joint Venture*	Unincorporated	Hong Kong	25.0	15.3	Drainage improvement

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.

14. INTERESTS IN ASSOCIATES

	Group 2002 HK$'000	Group 2001 HK$'000
Share of net assets	–	–

The amounts due from associates are classified as current assets under other receivables (note 17).

The Group's share of net losses of the associates for the year amounted to HK$4,000 (2001: Nil).

The Group's share of accumulated losses of associates at the balance sheet date was HK$9,000 (2001: HK$5,000).

Particulars of the associates are as follows:

Name	Business Structure	Place of incorporation and operations	Percentage of equity interest attributable to the Group	Principal activities
Centriline Asia Limited*	Corporate	Hong Kong	50.0	Tunnel lining works
CLJV Limited*	Corporate	Hong Kong	50.0	Property investment
Hong Kong Landscaping (International) Limited*	Corporate	Hong Kong	25.0	Foundation and piling works

* Not audited by Ernst & Young Hong Kong or other Ernst & Young International member firms.