

Notes to the Condensed Financial Statement

For the six months ended 31 December 2000

1. ACCOUNTING POLICIES

The unaudited condensed financial statements for the six months ended 31 December 2000 has been prepared in accordance with Statements of Standard Accounting Practice No.25 "Interim financial reporting" issued by the Hong Kong Society of Accountants ("SSAP 25") and Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except that comparative figures are not presented either for the condensed statement of recognized gains and losses or for the condensed consolidated cash flow statement, being the first cash flow statement to be included in the interim financial report relating to accounting period ended on or after 1 July 2000. Such departures from SSAP 25 are permitted under the Listing Rules.

The accounting policies adopted are consistent with those followed in the annual financial statements for the year ended 30 June 2000. Certain comparative figures have been reclassified to conform with the current period's presentation.

2. SEGMENT INFORMATION

The Group's turnover and contribution to profit/(loss) from operations for the six months ended 31 December 2000 analysed by business segments and geographical segments are as follows:

	(Unaudited) Turnover		(Unaudited) Contribution	
	Six months ended		Six months ended	
	31 December		31 December	
	2000	1999	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Business segments				
Construction, equipment rental and services	186,094	265,482	(11,745)	(7,572)
Trading	9,117	3,169	1,450	37
Investment holding	0	0	75	1,128
	<u>195,211</u>	<u>268,651</u>	<u>(10,220)</u>	<u>(6,407)</u>

Notes to the Condensed Financial Statement

For the six months ended 31 December 2000

2. SEGMENT INFORMATION (*Cont'd*)

	(Unaudited) Turnover		(Unaudited) Contribution	
	Six months ended		Six months ended	
	31 December		31 December	
	2000	1999	2000	1999
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Geographical segments				
Singapore	194,962	266,427	(8,028)	(5,124)
Malaysia	166	351	(351)	(426)
Mynnmar	24	1,804	(442)	(892)
Hong Kong	0	0	(1,418)	35
Others	59	69	19	0
	<u>195,211</u>	<u>268,651</u>	<u>(10,220)</u>	<u>(6,407)</u>

3. DEPRECIATION

During the period, the loss from operations is arrived at after charging the depreciation of HK\$13.9 million (1999: HK\$16.6 million), of which HK\$13.4 million (1999: HK\$14.8 million) was included in Cost of Sales.

4. TAXATION

No provision for Hong Kong and overseas profits tax is required as the group had no assessable profits for the period. The tax charge in the profit and loss account represented underprovision in prior years for an overseas subsidiary.

Notes to the Condensed Financial Statement

For the six months ended 31 December 2000

5. LOSS PER SHARE

The calculation of the basic loss per share for the period is based on the following data:

	(Unaudited)	
	Six months ended	
	31 December	
	2000	1999
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period for the purposes of basic loss per share	(14,168)	(9,407)
	<u> </u>	<u> </u>
Number of shares	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purposes of basic loss per share	831,262	692,718
	<u> </u>	<u> </u>

The calculation of basic loss per share is based on the net loss of HK\$14,168,000 (1999: HK\$9,407,000) attributable to shareholders for the period divided by 831,261,558 (1999: 692,717,965) ordinary shares in issue.

Notes to the Condensed Financial Statement

For the six months ended 31 December 2000

6. DEBTORS AND PREPAYMENTS

	(Unaudited) 31 December 2000 <i>HK\$'000</i>	(Audited) 30 June 2000 <i>HK\$'000</i>
0-30 days	112,124	121,554
31-60 days	3,988	3,570
61-90 days	1,649	2,888
Over 90 days	52,853	50,711
	<hr/>	<hr/>
	170,614	178,723
Other debtors and prepayments	21,264	23,754
	<hr/>	<hr/>
	191,878	202,477
	<hr/> <hr/>	<hr/> <hr/>

The general credit term is 30 days.

7. CREDITORS AND ACCRUED CHARGES

	(Unaudited) 31 December 2000 <i>HK\$'000</i>	(Audited) 30 June 2000 <i>HK\$'000</i>
0-30 days	31,457	99,197
31-60 days	3,709	24,917
61-90 days	14,938	13,199
Over 90 days	137,326	131,921
	<hr/>	<hr/>
	187,430	268,514
Other creditors and accrued charges	89,710	100,947
	<hr/>	<hr/>
	277,140	369,461
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Financial Statement

For the six months ended 31 December 2000

8. SHARE CAPITAL

	31 December	30 June
	2000	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
Authorized:		
1,000,000,000 ordinary shares of HK\$0.40 each	400,000	400,000
	<u>400,000</u>	<u>400,000</u>
Issued and fully paid:		
831,261,558 ordinary shares of HK\$0.40 each	332,504	332,504
	<u>332,504</u>	<u>332,504</u>

There was no movement in the share capital of the company in the current interim reporting period.

9. CONTINGENT LIABILITIES

	(Unaudited)	(Audited)
	31 December	30 June
	2000	2000
	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Guarantee facilities	65,536	68,428
(b) Performance bonds	41,303	41,343
	<u>106,839</u>	<u>109,771</u>

10. COMMITMENTS

(a) Funding commitment

In accordance with a shareholders' agreement entered into between a subsidiary and a company incorporated in Singapore of which the Group holds 4.17% (30 June 2000 : 4.17%) of the equity share capital, the subsidiary may be required to provide further funding of US\$3,450,000 or HK\$26,909,000 (30 June 2000: US\$3,450,000 or HK\$26,910,000) to that company for working capital purposes.

Notes to the Condensed Financial Statement

For the six months ended 31 December 2000

(b) Assets under fixed and floating charges

At 31 December 2000, certain subsidiaries of the Group collectively:

- (i) obtained a guarantee facility amounting HK\$112,250,000 or S\$25,000,000 (1999: HK\$112,847,500 or S\$25,000,000) from a financial institution to provide the issuance of guarantees. One of the terms of the guarantee facility is that two subsidiaries are required to comply with certain financial covenants set by the financial institution granting the facility. Notwithstanding the fact that these subsidiaries failed to comply with these financial covenants, the financial institution has confirmed in writing that all existing guarantees issued on behalf of the Group will not be withdrawn.
- (ii) obtained a trade credit facility amounting to HK\$112,250,000 or S\$25,000,000 (1999: HK\$112,847,500 or S\$25,000,000) from its major supplier.

The above facilities are secured by debentures comprising fixed and floating charges over all assets of the respective subsidiaries.

11. POST BALANCE SHEET EVENTS

On 15 January 2001, the Company, through its wholly owned subsidiary, acquired the entire issued share capital of Marketspace Commerce International Holding Limited for a total consideration of HK\$68 million satisfied by HK\$3 million in cash and by the issue of 162,500,000 new shares in the Company of HK\$0.40 each.