

AN OVERVIEW OF THE GROUP'S FINANCIAL RESULTS AND POSITION

Consolidated Profit and Loss Account For the year ended 31st March, 2001

	HK\$'000
1 Turnover	3,109,591
Cost and expenses	(3,027,033)
Provision for property under development	(26,750)
Operating profit	55,808
Finance costs	(20,623)
2 Operating profit after finance costs	35,185
3 Share of profits of affiliates	4,013
Profit before taxation	39,198
Taxation	(15,163)
Profit after taxation	24,035
Minority interests	1,290
4 Profit attributable to shareholders	25,325

Last Year's Consolidated Balance Sheet As at 31st March, 2000

	HK\$'000
Assets	
Fixed assets	554,062
Associated companies	131,433
Jointly controlled entity	61
Other investments	6,397
Properties under development	85,759
Cash and cash equivalents	742,665
Other net current liabilities	(624,847)
	<u>895,530</u>
Shareholders' Funds and Liabilities	
Share capital and reserves	331,862
Retained profit	362,514
Minority interests	70,747
Deferred taxation	11,526
Deferred income	65,291
Long term bank loans	53,590
	<u>895,530</u>

1 Turnover was mainly attributable to the building construction and civil engineering division of HK\$2,950 million. Other included HK\$131 million from the piling and foundation division.

2 Included in operating profit was a profit of HK\$110 million generated from the building construction and civil engineering division. The piling and foundation division suffered heavy losses of HK\$74 million while the property development division had to provide for a diminution in value of a development project - Wen Chang Square located at Guangzhou City, PRC of HK\$27 million. Income generated from investment of surplus funds amounted to HK\$32 million.

3 Hsin Chong Aster, the Group's affiliate engaged in mechanical and electrical installation work returned to profitability year. Provision written back in the luxury development in 18A La Salle Road was offset by losses incurred by Century Harbour Hotel which was unable to cover fixed cost though operating performance had been improving.

4 Return on equity (before final dividend) was at 3.6% and earnings per share amounted to HK\$3.9 cents.

5 The Group's core operation continued to provide positive cash inflow from its profitable jobs with reduced trade debts and trade payables, while contracting work-in-progress was modestly increased.

6 The interest cover was at 2.8x with an average interest rate at 8.6% per annum.

7 Final dividend of 1999/2000 amounted to HK2.5 cents per share.

8 This mainly related to the property development project (Wen Chang Square). It included payments for demolition and resettlement, infrastructure fund and design fee, etc. Negotiation with the PRC municipal government on the premium for the land use right was finalised on 29th December, 2000.

9 During the year, several term loans were negotiated for re-financing term loans due during the year and increasing working capital. Repayment included repayment of term loans and instalment payments for a mortgage loan.

10 During the year, the share repurchase program resulted in a total purchases and cancellations of 25,478,256 shares at price ranging from HK\$0.45 to HK\$0.57 per share. Pursuant to the general mandate for share repurchase approved in the Annual General Meeting held on 25th August, 2000, the maximum number of shares that can be repurchased amounts to 64,586,499 shares. The net asset value per share was enhanced as a result of share repurchase. Net asset value per share as at 31st March, 2001 amounted to HK\$1.09.

Consolidated Cash Flow Statement For the year ended 31st March, 2001

	HK\$'000
5 Cash inflow from operations	83,758
Interest received	42,781
6 Interest paid	(22,730)
Dividends income	7,965
7 Dividend paid to shareholders	(16,194)
Dividend paid to minority shareholders	(1,000)
Tax paid	(20,324)
8 Investment in properties under development	(16,619)
Net additions of fixed assets	(8,013)
Net investment to affiliates	(5,042)
Returns on other investments	187
9 Net repayment of bank loans	(22,759)
Issue of shares	888
10 Repurchase of shares	(13,077)
Advances from minority shareholders	2,333
	<u>12,154</u>
11 Amounts held as pledged fixed deposits	(31,230)
	<u>(19,076)</u>
Cash and cash equivalents as at 31/3/2000	742,665
Cash and cash equivalents as at 31/3/2001	<u>723,589</u>

This Year's Consolidated Balance Sheet As at 31st March, 2001

	HK\$'000
Assets	
13 Fixed assets	493,626
14 Associated companies	130,638
Jointly controlled entity	1,540
Other investments	5,798
15 Properties under development	76,690
Cash and cash equivalents	723,589
Other net current liabilities	(361,169)
	<u>1,070,712</u>

Movement of Retained Profit For the year ended 31st March, 2001

	HK\$'000
Balance as at 31/3/2000	362,514
10 Share repurchased	(13,077)
Profit attributable to shareholders	25,325
12 Proposed final dividend	(15,868)
Balance as at 31/3/2001	<u>358,894</u>

Shareholders' Funds and Liabilities	
16 Share capital and reserves	332,502
Retained profit	358,894
Minority interests	70,790
Deferred taxation	9,708
17 Deferred income	70,487
18 Long term bank loans	228,331
	<u>1,070,712</u>

11 Pledged deposits were provided by two subsidiaries engaged in a property development project (Wen Chang Square) for a total project finance of RMB31 million as at 31st March, 2001.

12 A final dividend of HK2.5 cents per share will be payable on 28th August, 2001. No interim dividend was declared for the year. Collectively, it represented a dividend yield of 5.4% based on the closing market price of HK\$0.465 as at 30th March, 2001.

13 Included in fixed assets was a mortgaged property with a net book value of HK\$213 million. Other fixed assets included an investment property leased for rental income and plant and machinery deployed for the construction sites of construction and civil engineering division and piling and foundation division.

14 These net investments mainly related to interest in Hsin Chong Aster, 18A La Salle Road, Century Harbour Hotel and some inactive properties in Malaysia after a cumulative provision of HK\$81 million for share of provision for diminution in value and foreseeable losses on property assets.

15 This represented two property development projects in the PRC, namely, Tianjin Taifeng Industrial Park and Guangzhou Wen Chang Square. Cumulative provision for diminution in value of these projects amounted to HK\$77 million.

16 At the balance sheet date, 637,198,827 shares of HK\$0.1 each were issued and fully paid. The Company has been operating an Employee Share Subscription Scheme and an Executive Share Option Scheme.

17 Deferred income arises as profits in respect of incomplete contracts are calculated and recognised in the profit and loss account in accordance with the stage of completion. No profit is recognised until projects are more than 40% complete. During the year, net amount of HK\$5 million was transferred from the profit and loss account to the deferred income account.

18 The Group maintains its policy of conservative capital management with debt to capitalization ratio (before final dividend) of 24% at the balance sheet date. Out of the HK\$243 million long-term borrowings, HK\$14 million was to be repayable within one year; HK\$45 million in the second year and the balance of HK\$184 million in years after.