

# An overview of the group's financial results and position

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## Last year's consolidated balance sheet as at 31/3/2001

	As restated HK\$'000
<b>Assets</b>	
Fixed assets	493,626
Associated companies	130,638
Jointly controlled entity	1,540
Other investments	5,798
Properties under development	76,690
Cash and cash equivalents	723,589
Other net current liabilities	(345,301)
	<u>1,086,580</u>
<b>Shareholders' funds and liabilities</b>	
Share capital & reserves	332,502
Retained profit	374,762
Minority interests	70,790
Deferred taxation	9,708
Deferred income	70,487
Long term bank loans	228,331
	<u>1,086,580</u>

## Consolidated cash flow statement for the year ended 31/3/2002

	HK\$'000
⑤ Cash outflow from operations	(66,897)
Interest received	19,147
⑥ Interest paid	(12,246)
Dividends income	1,647
⑦ Dividend paid to shareholders	(15,868)
Dividend paid to minority shareholders	(34,240)
Tax paid	(13,583)
⑧ Investment in properties under development	(8,371)
Net additions of fixed assets	(11,253)
Net repayments from affiliates	737
Purchase of subsidiaries	598
⑨ Net repayment of bank loans	(10,228)
Issue of shares	680
⑩ Repurchase of shares	(1,875)
Net repayments to minority shareholders	(36,924)
	<u>(188,676)</u>
⑪ Amount held as pledged fixed deposits	(4,377)
	<u>(193,053)</u>
Cash and cash equivalents as at 31/3/2001	723,589
Cash and cash equivalents as at 31/3/2002	<u>530,536</u>

## Consolidated profit and loss account for the year ended 31/3/2002

	HK\$'000
① Turnover	2,169,795
Cost and expenses	(2,057,650)
Impairment of properties	(31,852)
Operating profit	80,293
Finance costs	(10,977)
② Operating profit after finance costs	69,316
③ Share of profits of affiliates	119
Profit before taxation	69,435
Taxation	(21,990)
Profit after taxation	47,445
Minority interests	(54,991)
④ Loss attributable to shareholders	<u>(7,546)</u>

### This year's consolidated balance sheet as at 31/3/2002

	HK\$'000
<b>Assets</b>	
⑫ Fixed assets	428,183
⑬ Associated companies	128,652
Jointly controlled entity	14
Other investments	2,325
⑭ Properties under development	86,853
Cash and cash equivalents	530,536
Other net current liabilities	(197,083)
	<u>979,480</u>
<b>Shareholders' funds and liabilities</b>	
⑮ Share capital & reserves	337,589
Retained profit	349,473
Minority interests	49,890
Deferred taxation	10,144
⑯ Deferred income	44,281
⑰ Long term bank loans	188,103
	<u>979,480</u>

### Movement of retained profit for the year ended 31/3/2002

	HK\$'000
<b>Balance as at 31/3/2001 (as restated)</b>	374,762
⑩ Share repurchased	(1,875)
Loss attributable to shareholders	(7,546)
⑦ Final dividend (for 2000/01)	(15,868)
<b>Balance as at 31/3/2002</b>	<u>349,473</u>

- ① Turnover was mainly attributable to the building construction and civil engineering division of HK\$2,118 million. Others include HK\$29 million from the piling and foundation division and HK\$20 million from the rental property division.
- ② Included in operating profit was a profit of HK\$132 million generated from the building construction and civil engineering division. The piling and foundation division (of which the business was ceased subsequent to year end) suffered losses of HK\$32 million. As a result of adoption of SSAP 31 relating to impairment of assets, the property development division made a provision for diminution in value of the unsold carpark stock of a Private Sector Participation Scheme project at Lung Mun Oasis of HK\$22 million while the rental property division recorded an impairment loss of HK\$10 million in respect of No.3 Lockhart Road. Income generated from investment of surplus funds amounted to HK\$11 million.
- ③ Hsin Chong Aster, the Group's affiliate engaged in mechanical and electrical installation work, maintained a profitable year. However, Novotel Century Harbourview hotel was still unable to cover depreciation and financial charges.
- ④ Return on equity was at -1.1% and loss per share amounted to HK1.2 cents.
- ⑤ With increased volume of new orders, trade debts increased significantly while payment to subcontractors for completed work reduced the trade payables, resulting in a net cash outflow from operations for the year.
- ⑥ The interest cover was at 6.8x with an average interest rate at 4.9% per annum.
- ⑦ A final dividend of HK2.5 cents per share for the last financial year 2000/01 was paid on 28th August, 2001. No interim dividend was declared for the current financial year ended 31st March, 2002.
- ⑧ This mainly related to the property development project (Guangzhou Wen Chang Square), representing payments for land premium on the land use right. Foundation work will be commenced soon.
- ⑨ Net repayment during the year included instalment payments for a mortgage loan as offset by drawdown for loans secured by pledged deposits. (see note 11)
- ⑩ During the year, the share repurchase program resulted in a total purchases and cancellations of 4,044,000 shares at price ranging from HK\$0.42 to HK\$0.51 per share. The net assets value per share was enhanced as a result of share repurchase. Net asset value per share as at 31st March, 2002 amounted to HK\$1.08.
- ⑪ Pledged deposits were provided by two subsidiaries engaged in a property development project (Guangzhou Wen Chang Square) for additional project finance of RMB4.3 million during the year.
- ⑫ Included in fixed assets was a mortgage property with a net book value of HK\$204 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.
- ⑬ These net investments mainly related to interest in Hsin Chong Aster, 18A La Salle Road, Novotel Century Harbourview and some inactive properties in Malaysia after a cumulative provision of HK\$81 million for impairment losses on property assets.
- ⑭ 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 properties amounted to HK\$77 million.
- ⑮ At the balance sheet date, 638,853,660 shares of HK\$0.1 each was issued and fully paid. The Company has been operating an Employee Share Subscription Scheme and an Executive Share Option Scheme.
- ⑯ 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\$26 million was transferred to the profit and loss account from the deferred income account.
- ⑰ The Group maintains its policy of conservative capital management with debt to capitalization ratio of 24% at the balance sheet date. Out of the HK\$232 million long-term borrowings, HK\$44 million was to be repayable within one year, HK\$177 million in the second year and the balance of HK\$11 million in years after.