

RESULTS

The Board of Directors are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (“the Group”) for the six months ended 30th September, 2001 as follows :

Condensed Consolidated Profit and Loss Account

	<i>Notes</i>	Six months ended 30th September,	
		2001	2000
		<i>Unaudited</i>	<i>Unaudited</i>
		HK\$'000	<i>(Restated)</i>
			HK\$'000
TURNOVER	2	720,357	446,688
Cost of sales		<u>(652,898)</u>	<u>(386,860)</u>
Gross profit		67,459	59,828
Other revenue		3,397	2,837
Selling expenses		(456)	(1,035)
Administrative expenses		(15,705)	(14,812)
Other operating expenses		(3,111)	(1,015)
Provision for impairment of fixed assets		(10,254)	—
PROFIT FROM OPERATING ACTIVITIES		41,330	45,803
Finance costs		(12,656)	(18,440)
Share of profits less losses of associates		(2)	4
PROFIT BEFORE TAX	3	28,672	27,367
Tax	4	(4,883)	(5,753)
PROFIT BEFORE MINORITY INTERESTS		23,789	21,614
Minority interests		(13,036)	(11,196)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		10,753	10,418
INTERIM DIVIDEND		2,927	—
EARNINGS PER SHARE (in cents)	5		
Basic		1.47	1.42
Diluted		1.47	N/A

Condensed Consolidated Balance Sheet

		As at 30th September, 2001 <i>Unaudited</i>	As at 31st March, 2001 <i>Audited</i> <i>(Restated)</i>
	<i>Notes</i>	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Fixed assets		340,320	351,243
Investment properties		843,880	843,880
Properties under development		71,996	52,935
Interests in associates		731	750
Goodwill		(30,411)	(31,161)
Other assets		2,049	2,049
		1,228,565	1,219,696
CURRENT ASSETS			
Short term investments		131	119
Inventories		9,938	8,666
Property held for sale		36,544	41,912
Amounts due from customers for contract work		54,228	54,594
Trade receivables	6	320,757	266,185
Other receivables, prepayments and deposits		30,878	13,866
Tax prepaid		828	890
Cash and bank balances		98,178	75,064
		551,482	461,296
CURRENT LIABILITIES			
Trade payables and accruals	7	192,466	162,337
Other payables, deposits received and receipts in advance		32,176	28,987
Amounts due to customers for contract work		67,201	30,155
Interest-bearing loans and borrowings		139,134	197,499
Tax payable		6,361	4,511
		437,338	423,489
NET CURRENT ASSETS		114,144	37,807
TOTAL ASSETS LESS CURRENT LIABILITIES		1,342,709	1,257,503
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings		226,356	162,498
Deferred tax		7,635	8,635
		233,991	171,133
		1,108,718	1,086,370
CAPITAL AND RESERVES			
Issued capital		73,186	73,186
Reserves	8	559,220	548,685
		632,406	621,871
Minority interests		476,312	464,499
		1,108,718	1,086,370

Condensed Consolidated Statement of Recognised Gains and Losses

	Six months ended 30th September,	
	2001	2000
	<i>Unaudited</i>	<i>Unaudited (Restated)</i>
	HK\$'000	HK\$'000
Exchange differences on translation of the financial statements of foreign entities	<u>(218)</u>	<u>(344)</u>
Net loss not recognised in the profit and loss account	(218)	(344)
Net profit for the period attributable to shareholders	<u>10,753</u>	<u>10,418</u>
Total recognised gains and losses	<u>10,535</u>	<u>10,074</u>
Prior period adjustment arising from change in accounting policy for goodwill arising on consolidation:		
- adjustment against the accumulated losses as at 1st April, 2001	<u>53,439</u>	<u>—</u>
- adjustment against the accumulated losses as at 1st April, 2000	<u>—</u>	<u>49,646</u>

Condensed Consolidated Cash Flow Statement

	Six months ended 30th September,	
	2001	2000
	<i>Unaudited</i>	<i>Unaudited</i>
	HK\$'000	HK\$'000
Net cash inflow from operating activities	99,541	102,829
Returns on investments and servicing of finance	(23,094)	(19,606)
Tax	(3,971)	(3,473)
Investing activities	<u>(59,469)</u>	<u>(23,914)</u>
Net cash inflow before financing activities	13,007	55,836
Financing activities	<u>42,659</u>	<u>(41,035)</u>
Increase in cash and cash equivalents	55,666	14,801
Cash and cash equivalents at beginning of period	13,132	51,029
Effect of foreign exchange rate changes, net	<u>(328)</u>	<u>(30)</u>
Cash and cash equivalents at end of period	<u>68,470</u>	<u>65,800</u>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	57,993	80,322
Time deposits	40,185	43,386
Bank overdrafts	(6,883)	(38,680)
Trust receipt loans	<u>(22,825)</u>	<u>(19,228)</u>
	<u>68,470</u>	<u>65,800</u>

Notes

1. **Basis of preparation and accounting policies**

The unaudited condensed financial statements of the Group have been prepared in accordance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants. The accounting policies used in the preparation of the interim financial statements are consistent with those used in the Group's audited financial statements for the year ended 31st March, 2001 except that the Group has changed certain of its accounting policies following its adoption of the following Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants which are effective for accounting periods commencing on or after 1st January, 2001:

SSAP 9 (revised)	:	Events after the balance sheet date
SSAP 14 (revised)	:	Leases
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

The changes to the Group's accounting policies have no significant effect on the results for the current and prior periods except for:

SSAP 14 (revised) has introduced some amendments to the basis of accounting for finance and operating leases, and to the disclosures specified for the Group's leasing arrangements. These changes have not had any material effect on the results for the current or prior periods and, accordingly, no prior period adjustment has been required. Disclosures for all of the Group's leasing arrangements have been modified so as to comply with the requirements of SSAP 14. Comparative amounts have been restated in order to achieve a consistent presentation.

SSAP 30 prescribes the treatment of business combinations, including how to determine the date of acquisition, the fair value of the assets and liabilities acquired, and the treatment of goodwill (negative goodwill) on acquisition. The principal impact of this SSAP has been the disclosure of goodwill (negative goodwill) as an asset in the balance sheet and the amortisation of this goodwill (negative goodwill) over its estimated useful life to the profit and loss account. The Group has elected to restate negative goodwill previously credited to reserves. Accordingly, the amount of such negative goodwill has been remeasured in accordance with the requirements of SSAP 30. Negative goodwill which would have been recognised as income from the date of acquisition of the relevant subsidiary, associate or joint venture has been recognised retrospectively. The effect of these adjustments is summarised in note 8 below. Following restatement, negative goodwill is presented as a deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

2. **Segmental information**

	Turnover		Contribution to profit from operating activities	
	Six months ended		Six months ended	
	30th September,		30th September,	
	2001	2000	2001	2000
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Restated)</i>
				<i>(Restated)</i>
By activity:				
Foundation piling	509,777	260,000	38,592	17,710
Machinery leasing and trading	12,972	19,774	(13,971)	(3,541)
E&M engineering and building construction	143,548	61,105	8,677	12,236
Property investment	45,701	47,850	23,116	24,321
Property development	8,359	57,959	621	9,889
	<u>720,357</u>	<u>446,688</u>	<u>57,035</u>	60,615
Administrative expenses			(15,705)	(14,812)
			<u>41,330</u>	<u>45,803</u>
By geographical location:				
People's Republic of China:				
Hong Kong	667,972	342,471	33,798	26,327
Elsewhere	52,385	104,217	23,237	34,288
	<u>720,357</u>	<u>446,688</u>	<u>57,035</u>	60,615
Administrative expenses			(15,705)	(14,812)
			<u>41,330</u>	<u>45,803</u>



3. Profit before tax

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30th September,	
	2001	2000
	<i>Unaudited</i>	<i>Unaudited (Restated)</i>
	HK\$'000	HK\$'000
Net amortisation of goodwill	(750)	(772)
(Gain)/loss on disposal of fixed assets	(717)	83
Depreciation on owned assets	44,276	38,279
Depreciation on assets held under finance leases	2,703	3,617
	46,979	41,896
Interest expenses	13,996	18,440
Less: Amount capitalised in property under development	(1,340)	—
	12,656	18,440
Interest income	(777)	(1,115)
Dividend income from listed investments	(10)	—

4. Tax

	Six months ended 30th September,	
	2001	2000
	<i>Unaudited</i>	<i>Unaudited</i>
	HK\$'000	HK\$'000
Provision for tax in respect of profit for the period:		
The People's Republic of China:		
Hong Kong	1,990	2,017
Elsewhere	4,016	3,751
Overprovision in prior year:		
Hong Kong	—	(15)
Elsewhere	(123)	—
Deferred tax	(1,000)	—
	4,883	5,753

Hong Kong profits tax has been provided at the rate of 16% (2000: 16%) on the estimated assessable profits arising in Hong Kong during the period. Taxes elsewhere in the People's Republic of China have been calculated at the tax rates prevailing in the areas in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

5. Earnings per share

The calculation of basic earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders of HK\$10,753,000 (2000: HK\$10,418,000) and on the weighted average number of 731,865,903 (2000: 731,865,903) ordinary shares in issue during the period.

The calculation of fully diluted earnings per share is based on the Group's net profit from ordinary activities attributable to shareholders of HK\$10,753,000 and on the weighted average number of 731,865,903 ordinary shares in issue during the period plus the weighted average number of 859,843 potential dilutive ordinary shares deemed to be issued in respect of the outstanding share options during the period.

The diluted earnings per share for the period ended 30th September, 2000 has not been presented as the share options and convertible notes outstanding during the period had an anti-dilutive effect on the basic earnings per share for the period.

6. **Trade receivables**

	As at 30th September, 2001 <i>Unaudited</i> HK\$'000	As at 31st March, 2001 <i>Audited</i> HK\$'000
Trade receivables with aging analysis:		
Within 90 days	227,593	198,494
91 to 180 days	1,367	1,589
181 to 360 days	1,778	769
Over 360 days	319	18
	231,057	200,870
Retention receivables	89,700	65,315
	320,757	266,185

The Group has established credit policies that follow local industry standards. The average normal credit periods offered to trade customers are within 90 days, and are subject to periodic review by management.

7. **Trade payables and accruals**

	As at 30th September, 2001 <i>Unaudited</i> HK\$'000	As at 31st March, 2001 <i>Audited</i> HK\$'000
Trade payables with aging analysis:		
Within 30 days	122,464	107,818
31 to 90 days	7,224	11,131
91 to 180 days	770	405
Over 180 days	1,423	1,768
	131,881	121,122
Retention payables	18,187	13,299
Accruals	42,398	27,916
	192,466	162,337

8. **Reserves**

	Retained profits/ (Accumulated losses) <i>Unaudited</i> HK\$'000	Share premium account <i>Unaudited</i> HK\$'000	Capital reserve <i>Unaudited</i> HK\$'000	Statutory reserves <i>Unaudited</i> HK\$'000	Exchange fluctuation reserve <i>Unaudited</i> HK\$'000	Total <i>Unaudited</i> HK\$'000
At 1st April, 2001						
As previously reported	(19,660)	508,577	92,953	3,158	3,171	588,199
Restatement of negative goodwill held in reserves with retrospective release to income	53,439	—	(92,953)	—	—	(39,514)
As restated	33,779	508,577	—	3,158	3,171	548,685
Profit for the period	10,753	—	—	—	—	10,753
Transfer to statutory reserves	(156)	—	—	156	—	—
Exchange realignment	—	—	—	—	(218)	(218)
At 30th September, 2001	44,376	508,577	—	3,314	2,953	559,220

9. **Commitments and contingent liabilities**

	As at 30th September, 2001 <i>Unaudited</i> HK\$'000	As at 31st March, 2001 <i>Audited</i> <i>(Restated)</i> HK\$'000
(a) Future capital expenditure		
Contracted for but not provided in the financial statements	—	20,474
Authorised but not contracted for	—	1,111
	—	21,585
(b) Commitments under non-cancellable operating leases for land and buildings to make payments		
Within one year	4,199	6,896
In the second to fifth years inclusive	10,630	10,295
After five years	1,330	2,781
	16,159	19,972
(c) Contingent liabilities		
Long service payments	8,776	9,139
Guarantees in respect of performance bonds	182,960	77,189
	191,736	86,328

10. **Comparative figures**

Certain comparative figures have been restated based on the change in accounting policies as set out in note 1 in the interim financial statements.

DIVIDEND

The Board has resolved to declare an interim dividend of 0.4 HK Cent (2000: Nil) per share to shareholders whose names appear on the Company's register of members of the close of 11th January, 2002. The interim dividend will be paid on or before 18th January, 2002.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 7th January, 2002 to 11th January, 2002, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, 4/F Hutchison House, 10 Harcourt Road, Hong Kong, not later than 4:00 p.m. on 4th January, 2002.

BUSINESS REVIEW AND PROSPECTS

For the six months ended 30th September, 2001, the Group's turnover was HK\$720.4 million and net profit attributable to shareholders, after provision for impairment of fixed assets of HK\$10.3 million, amounted to HK\$10.8 million.

Hong Kong Market

Foundation Piling

The government's recent suspension of the sale of Home Ownership Scheme flats and the slowdown of the local residential market exert more sluggish element to the local construction sector. Foundation industry, although becomes healthier, is experiencing an extremely competitive environment. Anticipating such situation, the Group has taken measures to improve on its technical and operating efficiency. For the period under review, the turnover of the Group's foundation division was HK\$509.8 million while contribution to profit increased to HK\$38.6 million. Major contracts on hand amounted to HK\$1 billion which include, inter alia, Cyberport Development Phase IV, Hong Kong Housing Authority's projects in Fanling Area 36 Phase 3, Phase 4 and Lei Muk Shue Estate Phase 4.

E&M Engineering and Building Construction

During the period under review, the turnover of the Group's E&M engineering and building construction divisions had more than doubled to HK\$143.5 million while contribution amounted to HK\$8.7 million. The Group expects a satisfactory growth of the divisions with stable and profitable returns.

Machinery Hiring and Trading

The hiring market of crawler cranes for the period under review was satisfactory. However, the pricing environment of tower cranes remains weak with rampant discounting. For the period under review, the Group has written down the value of its tower cranes by HK\$10.3 million. To improve the performance of the division, the Group will continue to downsize its tower cranes unit, reduce costs and expand into other construction related product lines.

PRC Market

Property investment and development

With the merger of the foreign and domestic housing market in the PRC, the Group has recently launched a sales exhibition in Hong Kong and Taiwan of its residential development project, Tiffany Court located in Changning, Shanghai. The pre-sale was well received and 90% of the units put forward in the first phase pre-sale were sold. Superstructure works of the 33-storey complex, comprising a total of 209 units, has just been completed. According to schedule, completion is expected to be in December 2002. With ongoing reorientation towards the mainland economy, the Group's investment properties in Shanghai and Tianjin have continued to enjoy steady recurrent income and satisfactory occupancy rates.

Capital Structure and Liquidity

The Group continues to adopt a prudent financing policy and sustains a sound capital structure with healthy cashflow. As at 30th September, 2001, the Group's cash on hand amounted to HK\$98 million while total assets and net assets were HK\$1,780 million and HK\$632 million respectively. As compared to 31st March, 2001, working capital has improved by more than 3 times to HK\$114 million. The Group's net borrowings were HK\$267 million, a reduction of 6% as compared to HK\$284 million as at 31st March, 2001. The total liabilities to total assets gearing ratio was maintained at a healthy level of 38% (31st March, 2001: 35%). As at 30th September, 2001, contingent liabilities were HK\$183 million in relation to guarantees of performance bonds while certain of the Group's fixed assets with a book value of approximately HK\$203 million have been pledged to secure certain banking facilities of the Group. The Group's bank borrowings were mostly denominated in Hong Kong dollars but Renminbi loan facilities has been arranged for its PRC subsidiaries. The currency exposure in the Renminbi borrowings has been hedged by the Group's Renminbi assets and revenue as generated by its PRC properties.

Prospects

The terrorist attacks of September 11 in New York has undoubtedly shocked the world and clouded the global economy. With global recession and declining asset prices at home, Hong Kong's economy has been driven by contractionary forces. Same as many sectors, construction industry is also undergoing a shakeout. Foreseeing such daunting environment, the Group has taken measures to streamline its operation process and strengthen its cost control to improve efficiency. With the Group's management insight, unyielding efforts, technical expertise and leadership position in the foundation industry, the Group is well prepared to capture the forthcoming opportunities in both the private and public sectors.

As for Shanghai property market, the Group believes that the entry of China into the World Trade Organization, Beijing's successful bid for the 2008 Olympic Games and the long awaited recent merger of the foreign and domestic housing market will underpin the demand for quality residential properties. To capitalize on such growth opportunities, the Group will continue to search for suitable projects for development in Shanghai.



Employment and Remuneration Policies

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 1,000 employees as at 30th September, 2001. The Group's remuneration policies are primarily based on prevailing market salary levels and the performance of the respective companies and individuals concerned. Share options may also be granted in accordance to the terms of the Group's approved share option scheme.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS

As at 30th September, 2001, the beneficial interests of the directors and their associates in the equity or debt securities of the Company and the rights to subscribe thereto, as recorded in the register required to be kept under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") were as follows:

(A) Interests in the Company

Name of Directors	Number of ordinary shares held			Number of Share Options
	Personal Interest	Family Interest	Corporate Interest	
Cheung Francis	27,856,600	—	233,932,200 (1)	3,000,000
Fung Chiu Chak, Victor	20,823,600	—	—	3,000,000
Lai Henry	15,953,665	3,267,000	204,756,200 (2)	—
Kwok Jennifer	—	—	—	1,500,000
Chien David	96,521,020	—	—	1,500,000

Notes:

- 171,237,000 shares and 33,519,200 shares were held by Power Link Investments Limited and Easternfunds Limited, respectively, which were both controlled by Lai Henry and Cheung Francis. 20,728,000 shares and 8,448,000 shares were held by Grand Thunder Limited and Long Billion International Limited respectively, which were both controlled by Cheung Francis.
- 171,237,000 shares and 33,519,200 shares were held by Power Link Investments Limited and Easternfunds Limited, respectively, which were both controlled by Lai Henry and Cheung Francis.
- The above options were granted on 21st March, 2001 pursuant to the Company's share option scheme as approved by the shareholders on 27th September, 2000 (the "Share Option Scheme"), which entitle the holders to subscribe for 9,000,000 ordinary shares of the Company of HK\$0.10 each at a price of HK\$0.20 per share during the period from 1st April, 2002 to 31st March, 2004.

Apart from the foregoing, certain directors of the Company's subsidiaries were granted an aggregate of 4,100,000 share options of the Company on 21st March, 2001 under the Share Option Scheme, which entitle them to subscribe for 4,100,000 ordinary shares of the Company of HK\$0.10 each at a price of HK\$0.20 per share during the period from 1st April, 2002 to 31st March, 2004.

- There were no share options granted to or exercised by the directors or chief executives during the period.

(B) Interests in shares of subsidiaries

	Personal Interests Number of Shares of HK\$1 each
Fung Chiu Chak, Victor	
Tysan Engineering Company Limited	800
Tysan Building Construction Company Limited	350,000

Save as disclosed herein, none of the directors or their associates or the chief executives had any beneficial or non-beneficial interests in the equity or debt securities of the Company or any of its associated corporation as defined by the SDI Ordinance.

SUBSTANTIAL SHAREHOLDERS

As at 30th September, 2001, no person, other than the directors of the Company and the companies controlled by them, whose interests are disclosed above, had registered an interest in the share capital of the Company that was required to be recorded under section 16 of the SDI Ordinance.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period, there were no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

CORPORATE GOVERNANCE**Audit Committee**

The Group's Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's unaudited interim results for the six months ended 30th September, 2001.

Code of Best Practice

None of the directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not at any time during the six months ended 30th September, 2001, in compliance with Appendix 14 of the Listing Rules except that non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election at annual general meetings in accordance with the Bye-Laws of the Company.

By Order of the Board
CHEUNG Francis
Chairman

Hong Kong, 18th December, 2001