

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, 2000 as follows:

Condensed Consolidated Profit and Loss Account

	Six months ended	
	30th September,	
	2000	1999
	<i>Unaudited</i>	<i>Unaudited</i>
	HK\$'000	HK\$'000
TURNOVER (Note 2)	446,688	544,796
Cost of sales	(388,757)	(498,500)
Gross Profit	57,931	46,296
Other revenue	2,837	3,471
Selling expenses	(1,035)	(1,264)
Administrative expenses	(14,812)	(14,966)
Other operating expenses	(1,015)	(916)
PROFIT FROM OPERATING ACTIVITIES	43,906	32,621
Finance costs	(18,440)	(17,873)
Share of profits less losses of associates	4	—
PROFIT BEFORE TAX (Note 3)	25,470	14,748
Tax (Note 4)	(5,753)	(2,782)
PROFIT BEFORE MINORITY INTERSTS	19,717	11,966
Minority interests	(11,196)	(6,624)
NET PROFIT FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS	8,521	5,342
BASIC EARNINGS PER SHARE (in cents) (Note 5)	1.16	0.73

Condensed Consolidated Balance Sheet

	30th September, 2000	As at 31st March, 2000
	<i>Unaudited</i>	<i>Audited</i>
	HK\$'000	HK\$'000
NON-CURRENT ASSETS		
Fixed assets	340,145	349,760
Investment properties	899,100	899,100
Properties under development	39,579	37,427
Interests in associates	744	735
Goodwill	9,477	10,602
Deposit paid for the purchase of machinery	—	3,506
Other assets	1,779	1,779
	1,290,824	1,302,909
CURRENT ASSETS		
Inventories	10,559	11,469
Property held for sale	49,065	85,603
Amounts due from customers for contract work	59,045	21,638
Trade receivables (<i>Note 6</i>)	287,240	241,528
Other receivables, prepayments and deposits	21,567	14,525
Tax prepaid	1,158	1,258
Cash and bank balances	123,709	100,755
	552,343	476,776
CURRENT LIABILITIES		
Trade payables and accruals (<i>Note 7</i>)	188,846	144,017
Other payables, deposits received and receipts in advance	76,573	35,850
Amounts due to customers for contract work	15,804	31,817
Interest-bearing loans and borrowings	215,497	238,871
Tax payable	3,982	1,803
	500,702	452,358
NET CURRENT ASSETS	51,641	24,418
TOTAL ASSETS LESS CURRENT LIABILITIES	1,342,465	1,327,327
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	83,026	50,253
Convertible notes	73,713	72,094
Deferred tax	10,435	10,435
	167,174	132,782
	1,175,291	1,194,545
CAPITAL AND RESERVES		
Issued capital	73,186	73,186
Reserves (<i>Note 8</i>)	604,962	596,785
	678,148	669,971
Minority interests	497,143	524,574
	1,175,291	1,194,545

Condensed Consolidated Recognised Gains and Losses

	Six months ended 30th September, 2000 <i>Unaudited</i> HK\$'000
Exchange differences on translation of the financial statements of foreign entities	(344)
Net gain/(loss) not recognised in the profit and loss account	(344)
Net profit for the period attributable to shareholders:	8,521
Total recognised gains	<u>8,177</u>

Condensed Consolidated Cash Flow Statement

	Six months ended 30th September, 2000 <i>Unaudited</i> HK\$'000
Net cash inflow from operating activities	102,829
Returns on investments and servicing of finance	(19,606)
Tax	(3,473)
Investing activities	<u>(23,914)</u>
Net cash inflow before financing activities	55,836
Financing activities	<u>(41,035)</u>
Increase in cash and cash equivalents	14,801
Cash and cash equivalents at beginning of period	51,029
Effect of foreign exchange rate changes, net	<u>(30)</u>
Cash and cash equivalents at end of period	<u>65,800</u>

Notes

1. Basis of preparation

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 except that, in this first year of implementation of the Standard, as permitted by the Hong Kong Stock Exchange Listing Rules, no comparative figures have been presented for either the condensed consolidated statement of recognised gains and losses or the condensed consolidated cash flow statement. The accounting policies and basis of preparation are the same as those used in the audited financial statements for the year ended 31st March 2000.

2. **Segmental information**

	Turnover		Contribution to profit	
	Six months ended		from operating activities	
	30th September		Six months ended	
	2000	1999	2000	1999
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
By activity:				
Foundation piling	260,000	406,408	17,710	23,647
Machinery leasing and trading	19,774	16,363	(3,541)	(5,238)
E&M engineering and building construction	61,105	65,135	12,236	4,998
Property investment and management	47,850	56,890	22,424	24,180
Property development	57,959	—	9,889	—
	446,688	544,796	58,718	47,587
Administrative expenses			(14,812)	(14,966)
			43,906	32,621
By geographical location:				
People's Republic of China				
Hong Kong	342,471	489,624	26,327	22,291
Elsewhere	104,217	55,172	32,391	25,296
	446,688	544,796	58,718	47,587
Administrative expenses			(14,812)	(14,966)
			43,906	32,621

3. **Profit before tax**

The Group's profit before tax is arrived at after charging:

	Six months ended 30th September,	
	2000	1999
	<i>Unaudited</i>	<i>Unaudited</i>
	HK\$'000	HK\$'000
Amortisation of goodwill	1,124	1,124
Depreciation on owned assets	38,279	39,744
Depreciation on assets held under finance leases	3,617	5,915
	41,896	45,659
Interest expenses	18,440	19,464
Less: Amount capitalised in property under development	—	(1,591)
	18,440	17,873

4. Tax

	Six months ended 30th September,	
	2000	1999
	<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	2,017	—
Elsewhere	3,751	2,928
Rebate on Hong Kong tax paid in prior year	—	(59)
Overprovision in prior year:		
Hong Kong	(15)	(87)
	5,753	2,782
	5,753	2,782

Hong Kong profits tax has been provided at the rate of 16% (1999: 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\$8,521,000 (1999: HK\$5,342,000) and on the weighted average number of 731,865,903 (1999: 731,865,903) ordinary shares in issue during the period.

Diluted earnings per share has not been shown for either period as the share options and convertible notes outstanding during the periods had an anti-dilutive effect on the basic earnings per share for both periods.

6. Trade receivables

	As at	As at
	30th September,	31st March,
	2000	2000
	<i>Unaudited</i>	<i>Unaudited</i>
	HK\$'000	HK\$'000
The Group's credit terms for contracting business are negotiated with and entered into under normal commercial terms with its trade customers		
Trade receivables with ageing analysis:		
Current to 90 days	218,093	181,180
91 to 180 days	2,079	1,724
181 to 360 days	366	412
Over 360 days	26	73
	220,564	183,389
Retentions receivable	66,676	58,139
	287,240	241,528
	287,240	241,528

7. Trade payable and accruals

	As at	As at
	30th September,	31st March,
	2000	2000
	<i>Unaudited</i>	<i>Unaudited</i>
	HK\$'000	HK\$'000
Trade payables with ageing analysis:		
Within 30 days	114,120	55,394
31 to 90 days	6,026	9,569
91 to 180 days	328	986
Over 180 days	564	1,301
	121,038	67,250
Retentions payable	14,776	14,887
Accruals	53,032	61,880
	188,846	144,017
	188,846	144,017



8. Reserves

	Accumulated Losses <i>Unaudited</i> HK\$'000	Share premium Account <i>Unaudited</i> HK\$'000	Capital Reserve <i>Unaudited</i> HK\$'000	Exchange Statutory Reserves <i>Unaudited</i> HK\$'000	Fluctuation Reserve <i>Unaudited</i> HK\$'000	Total <i>Unaudited</i> HK\$'000
At 31st March, 2000	(11,594)	508,577	92,953	3,158	3,691	596,785
Profit for the period	8,521	—	—	—	—	8,521
Exchange realignment	—	—	—	—	(344)	(344)
At 30th September, 2000	<u>(3,073)</u>	<u>508,577</u>	<u>92,953</u>	<u>3,158</u>	<u>3,347</u>	<u>604,962</u>

9. Contingencies and commitments

	As at 30th September 2000 <i>Unaudited</i> HK\$'000	As at 31st March 2000 <i>Audited</i> HK\$'000
(a) Contingencies		
Long service payments	7,035	5,617
Guarantees in respect of performance bonds	46,713	30,260
	<u>53,748</u>	<u>35,877</u>
(b) Future capital expenditure		
Contracted for but not provided in the financial statements	43,519	45,784
Authorised but not contracted for	—	6,012
	<u>43,519</u>	<u>51,796</u>

10. Comparative figures

Certain comparative figures have been reclassified to conform with the current presentation as required under SSAP 1 (revised) "Presentation of financial statements".

DIVIDENDS

The Board has resolved not to recommend any interim dividend (1999: Nil) for the six months ended 30th September 2000.

BUSINESS REVIEW & PROSPECTS

For the six months ended 30th September, 2000, the Group's turnover and net profit attributable to shareholders were HK\$446.7 million and HK\$8.5 million respectively.

Hong Kong Market

Foundation Piling

The foundation industry has finally landed on firm ground. During the period under review, the margin of the Group's foundation piling business has improved despite a decrease in turnover due to longer duration of the projects. The Group's major contracts on hand amounted to about HK\$680 million which include, inter alia, Cyberport Development Phase 1 and Phase 2, Tung Chung Station Package 2 and Hong Kong Housing Authority's West Kowloon Reclamation Area 10 Phase 1. Since foundation piling is the Group's core business, considerable efforts have been spent on ensuring strict operating standards and enhancing productivity. Furthermore, in order to consistently achieve high quality standard, the Group has placed significant emphasis on product research and development.

The Group is pleased to announce that a patent ("Patent") in relation to a method of tremie concreting in non-displacement piles has just been granted to the Group. This Patent not only denotes a breakthrough in the industry since it offers an effective and efficient solution to solve common pile base problems such as honeycomb concrete and washed aggregates but also signifies the Group's leadership position in the industry.

Other Construction Related Sectors

During the period under review, the contribution of the Group's E&M engineering and building construction divisions had more than double to HK\$12.2 million while turnover was HK\$61.1 million. The Group maintains a bullish stance for the divisions and expects stable and profitable returns. In relation to the machinery and hiring business, the Group managed to increase its turnover by 20 per cent. to HK\$19.8 million. However, low prices and flat demands have continued to navigate the crane rental market which translated to a loss for the division.

PRC Market

Property investment and development

The period under review was a harvesting season for the Group's domestic residential development project in Xujiahui, Shanghai - "Talent Court". The turnover and contribution was \$58.0 million and \$9.9 million respectively. With such satisfactory results, the Group is confident in launching its other development project in Changning. Foundation work is in progress and is expected to be completed in the first quarter of 2001 while completion is scheduled to be in December 2002. To keep the investment properties in Shanghai and Tianjin attractive and well positioned for future growth, the Group has constantly upgraded the properties through renovation and provision of better services. This focus on quality has resulted in 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 2000, the Group's cash on hand amounted to HK\$124 million while total assets and net assets were HK\$1,843 million and HK\$678 million respectively. Net bank borrowings were HK\$175 million, a reduction of 7% as compared to HK\$188 million as at 31st March 2000. The total liabilities to total assets gearing ratio was maintained at a healthy level of 36% (31st March 2000: 32%). The Group's bank borrowings were mostly denominated in Hong Kong dollars. However, the Group has also arranged some lower cost Renminbi loan facilities 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 government's strings of tightening quality control measures and the Housing Authority's new policies, which include restricting the subcontracting of piling works and the requirement on direct machinery ownership, have made the foundation industry healthier since only qualified piling contractors remain eligible to compete. With the Group's resources, technical expertise and advanced fleet of machinery, such positive trends in the foundation industry together with ample forthcoming infrastructure projects will further strengthen the Group's prominent position in the market. As for the Shanghai property market, the Group believes that the entry of China into the World Trade Organization and the imminent merger of the foreign and local housing market will further accelerate Shanghai's growth opportunities. All in all, the Group expects to deliver satisfactory results in the second half of the financial year.

DIRECTORS' INTERESTS

As at 30th September, 2000, 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	Convertible Notes
	Personal Interest	Family Interest	Corporate Interest		Personal Interest HK\$'000
Lai Henry	19,053,665	3,267,000	204,756,200 (1)	—	—
Cheung Francis	27,826,600	—	225,484,200 (1 & 2)	—	51,571
Fung Chiu Chak, Victor	2,523,600	—	—	2,400,000 (3)	—
Chien David	96,183,020	—	—	—	432

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.
- In addition to note 1 above, 20,728,000 shares were held by Grand Thunder Limited which was controlled by Cheung Francis.
- The above options were granted on 14th April 1997 pursuant to the Company's share option scheme as approved by the shareholders on 6th March 1991, which entitled the holder to subscribe for 2,640,000 ordinary shares of the Company of HK\$0.10 each at a price of HK\$1.227 per share during the period from 1st January 1999 to 5th March 2001.
- There were no share options granted to or exercised by the directors 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	150,000

Save as disclosed herein, none of the directors or their associates have 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, 2000, the following shareholders had notified the Company of a direct or indirect interested in 10% or more of the issued share capital of the Company :

	Number of Shares held
Power Link Investments Limited	171,237,000 #
Chien David	96,183,020 #

The shareholdings are duplicated in the section headed "Directors' Interests" disclosed above.

Save as disclosed herein, no other person had registered an interest in the share capital of the Company that was required to be recorded under section 16 of the SDI Ordinance.

EMPLOYMENT AND REMUNERATION POLICIES

The Group, including its subsidiaries and joint ventures in Hong Kong and the PRC, employed approximately 970 employees as at 30th September 2000. 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 approved share option scheme.

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 2000.

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, 2000, 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, 19th December 2000