

FINANCIAL REVIEW

As at 30th September, 2002, the Group's total net assets amounted to approximately HK\$73,217,000 (HK\$68,980,000 as at 31st March, 2002).

Total debt to equity ratio was nil (0.09% as at 31st March, 2002) and net debt to equity ratio was nil (Nil as at 31st March, 2002), which are expressed as a percentage of bank and other borrowings, and net borrowings respectively, over the total net assets of HK\$73,217,000 (HK\$68,980,000 as at 31st March, 2002).

At the balance sheet date, the Group's bank and other borrowings amounted to HK\$2,000 (HK\$63,000 as at 31st March, 2002). Cash and deposit at bank amounted to HK\$113,252,000 (HK\$55,875,000 as at 31st March, 2002). The Group's bank and other borrowings are wholly denominated in Hong Kong dollars. Most of the borrowings are carrying floating interest rates based on Hong Kong Interbank Offering Rates, with small portions based on Prime Rate.

Finance costs for the period amounted to HK\$14,000 (HK\$820,000 as at 31st March, 2002).

The Company has provided guarantees in respect of loan facilities granted to subsidiary companies amounting to HK\$6 million (HK\$16 million as at 31st March, 2002).

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimise cost of funds, the Group's treasury activities are centralised. Cash is generally placed in short-term deposits mostly denominated in Hong Kong or US dollars. The Group's liquidity and financing requirements are frequently reviewed. In anticipating new investments or maturity of bank loans, the Group will consider new financing while maintaining an appropriate level of gearing.

PROSPECTS

Although there are few signs of recovery in the US economy, the improvement in economic activity has not been convincing. Under such difficult circumstances, local economy continues to struggle even though local interest rates follow that of the US which reached its record low over 40 years. Weak labour market, sliding property prices and continuous threat of deflation have adversely affected investor and consumer confidence. The outlook for the Hong Kong economy will mainly depend on the external environment. As the global economy continues to be weak, the chance of turnaround of local economy in the short term is slim.

PROSPECTS *(Continued)*

The effect of the stimulus package for the property market announced by the HKSAR Government in November, 2002 in stabilizing local property market is not certain. However, the suspension of both Home Ownership Scheme and sales of Public Rental Housing Units have obviously indicated the Government's determination to withdraw from local housing market. As a result, the number of flats to be constructed in the public sector will drastically be reduced and competition among local construction companies will inevitably be intensified, thus exerting unprecedented strain on the weak construction industry. The operating environment of local construction industry is expected to be even more difficult and challenging in the coming years.

Going into 2003, we doubt that there will be any real sign of rebound in local economic activity. In anticipation of the continuous slowdown in both construction and civil engineering sector, the Group will continue to enhance its competitiveness through vigorous cost control measures and efficient project management. The Group has been re-shaped in the past few years to cope with the change in the market and the Board is confident that the Group is well-positioned to face future challenges and take advantage of any business opportunities when arise.

DIRECTORS' INTERESTS IN SECURITIES

As at 30th September, 2002, the interests of the Directors in the share capital of the Company and its associated corporations (as defined in the Securities (Disclosure of Interests) Ordinance ("the SDI Ordinance")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited ("the Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies or required to be recorded in the register of the Company pursuant to Section 29 of the SDI Ordinance were as follows:

(a) Interests in the Company – Shares

Name of Director	Number of ordinary shares			Total
	Personal interests	Corporate interests	Family interests	
CHOW Yei Ching	61,036,489	89,385,444*	–	150,421,933
KUOK Hoi Sang	1,326,437	–	–	1,326,437
TAM Kwok Wing	625,796	–	7,142	632,938

* Dr CHOW Yei Ching beneficially owned 640,527,782 shares in Chevalier International Holdings Limited ("CIHL"), representing approximately 50.23% of the issued share capital of CIHL, which in turn was interested in 89,385,444 shares of the Company. Dr Chow was deemed to be interested in these shares under the SDI Ordinance and these shares were same as those shares described in "Substantial Shareholders" below.

DIRECTORS' INTERESTS IN SECURITIES (Continued)**(b) Interests in Associated Corporations – Shares**

Name of Director	Associated corporations	Number of ordinary shares			Total
		Personal interests	Corporate interests	Family interests	
CHOW Yei Ching	CIHL	640,527,782	–	–	640,527,782
	Chevalier iTech Holdings Limited (“CiTL”)	34,079,270	433,466,666*	–	467,545,936
	Chevalier Singapore Holdings Limited (“CSHL”)	–	99,813,000*	–	99,813,000
KUOK Hoi Sang	CIHL	491,083	–	–	491,083
	CiTL	12,000,000	–	–	12,000,000
TAM Kwok Wing	CIHL	845,078	–	162,365	1,007,443
	CiTL	2,000,000	–	52,000	2,052,000

* *Dr CHOW Yei Ching had notified CiTL and CSHL that under the SDI Ordinance, he was deemed to be interested in 433,466,666 shares in CiTL and 99,813,000 shares in CSHL which were all held by CIHL as Dr Chow beneficially owned 640,527,782 shares in CIHL, representing approximately 50.23% of the issued share capital of CIHL.*

In addition, certain Directors personally hold share options to subscribe for ordinary shares of the Company’s associated corporations as disclosed under the paragraph “Share Option Scheme” below.

Save as disclosed above and in “Share Option Scheme” stating below, as at 30th September, 2002, none of the Directors of the Company nor their spouses nor children under the age of 18 had or were deemed to have any interest in the securities of the Company or any of its associated corporations (as defined in the SDI Ordinance) or were granted any right to subscribe for securities of the Company or any of its associated corporations or exercised such right during the period under review pursuant to Section 28 of the SDI Ordinance or under Section 31 or Part I of the Schedule to the SDI Ordinance.