

DIRECTORS' REPORT

The directors present their report and the audited financial statements of the Company and of the Group for the year ended 31st March, 2004.

PRINCIPAL ACTIVITIES

The Company is an investment holding company.

The principal activities of the Company's principal subsidiaries, the Group's principal associates and principal jointly controlled entities as at 31st March, 2004 are set out in note 47 to the financial statements.

SEGMENTAL INFORMATION

An analysis of the Group's turnover and contribution to operating results for the year ended 31st March, 2004 is set out in note 4 to the financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31st March, 2004 are set out in the consolidated income statement on page 23 of the annual report.

The directors do not recommend the payment of a dividend.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 27 and note 37 to the financial statements, respectively.

MAJOR CUSTOMERS AND SUPPLIERS

The five largest customers in aggregate and the single largest customer of the Group for the year ended 31st March, 2004 accounted for approximately 77% and 27% of the turnover of the Group respectively. The aggregate purchases attributable to the five largest suppliers of the Group during the year were less than 30% of the purchases of the Group.

As far as the directors are aware, a director and/or his associates, within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (the "Listing Rules"), have an interest of less than 1% in shares and/or equity derivatives of three of the five largest customers of the Group for the year ended 31st March, 2004.

Save as disclosed above, as far as the directors are aware, none of the directors, their associates, within the meaning of the Listing Rules, nor those shareholders which to the knowledge of the directors own more than 5% of the Company's share capital have an interest in any of the five largest customers of the Group for the year ended 31st March, 2004.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 76 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 14 to the financial statements.

INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during the year are set out in note 15 to the financial statements.

DIRECTORS' REPORT *(continued)*

SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

Particulars of the principal subsidiaries of the Company and principal associates and jointly controlled entities of the Group as at 31st March, 2004 are set out in note 47 to the financial statements.

MAJOR PROPERTIES

Particulars regarding major properties of the Group as at 31st March, 2004 are set out on page 77 of the annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year are set out in note 35 to the financial statements.

SHARE OPTIONS

Details of the movements in the share options of the Company and a subsidiary during the year are set out in note 36 to the financial statements.

BORROWINGS

Bank borrowings and other loans repayable within one year or on demand are classified as current liabilities. Details of and the repayment analysis of bank borrowings and other loans of the Group and the Company as at 31st March, 2004 are set out in notes 31 and 32 to the financial statements respectively.

At 31st March, 2004, the Group had in issue convertible notes with an aggregate principal amount of HK\$289,500,000. Details of the convertible notes are set out in note 30 to the financial statements.

Interest of approximately HK\$5,054,000 was capitalised by the Group during the year.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Chan Kwok Keung, Charles (*Chairman*)

Lau Ko Yuen, Tom (*Deputy Chairman*)

Chau Mei Wah, Rosanna (*Managing Director*)

Chan Kwok Hung

Chan Fut Yan

Wong Kun To

Cheung Hon Kit

Cheung Kwok Wah, Ken

(resigned on 16th June, 2003)

Independent non-executive directors:

Lai, Dominic

Chuck, Winston Calptor

Lee Kit Wah

(appointed on 23rd July, 2004)

In accordance with Bye-law 98(A) of the Company's Bye-laws, Mr. Chan Fut Yan, Mr. Wong Kun To and Mr. Lai, Dominic retire by rotation at the forthcoming annual general meeting. In addition, in accordance with Bye-law 103(B) of the Company's Bye-laws, Mr. Lee Kit Wah retires at the forthcoming annual general meeting. All retiring directors, being eligible, offer themselves for re-election, except Mr. Wong Kun To and Mr. Lai, Dominic who do not offer themselves for re-election.

The term of office for each of the independent non-executive directors is the period up to his retirement by rotation in accordance with the Company's Bye-laws.

No director proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March, 2004, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations, within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") in the Listing Rules were as follows:

(a) *Interests and short positions in shares, underlying shares and debentures of the Company*

Name of director	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Number of underlying shares (in respect of convertible notes (unlisted equity derivatives)) of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Chan Kwok Keung, Charles	Interest of controlled corporation (Note 1)	Long position	219,681,911	–	33.58%
Chan Kwok Keung, Charles	Beneficial owner	Long position	–	833,333,333 (Note 2)	127.36%

Notes:

- Galaxyway Investments Limited ("Galaxyway") was a wholly-owned subsidiary of Chinaview International Limited ("Chinaview") which was, in turn, wholly owned by Dr. Chan Kwok Keung, Charles. Dr. Chan Kwok Keung, Charles was deemed to be interested in 219,681,911 ordinary shares held by Galaxyway.
- Dr. Chan Kwok Keung, Charles owned convertible notes issued by the Company in an aggregate principal amount of HK\$250,000,000 carrying rights to convert into 833,333,333 ordinary shares of the Company at an initial conversion price of HK\$0.30 per ordinary share, subject to adjustment. Out of the aforesaid convertible notes of HK\$250,000,000, HK\$120,000,000 convertible notes (representing 400,000,000 underlying shares) were pledged.

(b) *Interests and short positions in shares, underlying shares and debentures of Paul Y. - ITC Construction Holdings Limited ("Paul Y. - ITC")*

Name of director	Capacity	Long position/ Short position	Number of shares of Paul Y. - ITC held	Approximate percentage of the issued share capital of Paul Y. - ITC
Chan Kwok Keung, Charles	Interest of controlled corporation (Note)	Long position	740,668,056	55.06%
Chan Kwok Keung, Charles	Beneficial owner	Long position	11,603,952	0.86%
Cheung Hon Kit	Beneficial owner	Long position	400	0.00%

Note: The shares were held by a wholly-owned subsidiary of the Company. By virtue of his deemed interests in approximately 33.58% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares.

DIRECTORS' REPORT *(continued)*

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

(c) *Interests and short positions in shares, underlying shares and debentures of Hanny Holdings Limited ("Hanny")*

Name of director	Capacity	Long position/ short position	Number of shares of Hanny held	Number of underlying shares (in respect of the share options (unlisted equity derivatives)) of Hanny held	Approximate percentage of the issued share capital of Hanny
Chan Kwok Keung, Charles	Interest of controlled corporation <i>(Note)</i>	Long position	45,798,813	–	24.55%
Chan Kwok Keung, Charles	Beneficial owner	Long position	–	5,600,000	3.00%
Chan Kwok Hung	Beneficial owner	Long position	–	3,350,000	1.80%

Note: The shares were held by a wholly-owned subsidiary of the Company. By virtue of his deemed interests in approximately 33.58% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares.

(d) *Interests and short positions in shares, underlying shares and debentures of Burcon NutraScience Corporation ("Burcon")*

Name of director	Capacity	Long position/ short position	Number of shares of Burcon held	Number of underlying shares (in respect of the share options (unlisted equity derivatives)) of Burcon held	Approximate percentage of the issued share capital of Burcon
Chau Mei Wah, Rosanna	Beneficial owner	Long position	280,000	–	1.55%
Chau Mei Wah, Rosanna	Beneficial owner	Long position	–	40,000	0.22%

(e) *Interests and short positions in shares, underlying shares and debentures of China Strategic Holdings Limited ("China Strategic")*

Name of director	Capacity	Long position/ short position	Number of shares of China Strategic held	Approximate percentage of the issued share capital of China Strategic
Chan Kwok Keung, Charles	Interest of controlled corporation <i>(Note)</i>	Long position	258,819,795	29.36%

Note: The shares were held by a wholly-owned subsidiary of Paul Y. - ITC, of which a wholly-owned subsidiary of the Company owned approximately 55.06% of the issued share capital of Paul Y. - ITC. By virtue of his deemed interests in approximately 33.58% of the issued ordinary share capital of the Company, Dr. Chan Kwok Keung, Charles was deemed to be interested in these shares.

DIRECTORS' REPORT *(continued)***DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES**
(continued)

Paul Y. - ITC, Hanny, Burcon and China Strategic are associated corporations, within the meaning of Part XV of the SFO, of the Company.

Dr. Chan Kwok Keung, Charles was, by virtue of his deemed interests in approximately 33.58% of the issued ordinary share capital of the Company, deemed to be interested in the shares and underlying shares (in respect of equity derivatives), if any, of associated corporations (within the meaning of Part XV of the SFO) of the Company held by the Group under Part XV of the SFO.

Save as disclosed above, as at 31st March, 2004, none of the directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**(a) Share options of the Company**

At 31st March, 2004, there were no outstanding share options granted by the Company pursuant to the share option scheme of the Company adopted on 16th January, 2002. No share options were granted, exercised, cancelled or lapsed during the year. Details of the share option scheme of the Company are set out in note 36 to the financial statements.

(b) Share options of Paul Y. - ITC

(i) *Initial Share Option Scheme of Paul Y. - ITC adopted on 1st September, 1993 (the "Paul Y. - ITC Initial Scheme")*

The following table discloses movements in the share options of Paul Y. - ITC under the Paul Y. - ITC Initial Scheme during the year:

Name of director	Date of grant	Exercise price per share HK\$	Number of shares of Paul Y. - ITC to be issued upon exercise of the share options		
			Outstanding at 1.4.2003	Lapsed during the year	Outstanding at 31.3.2004
Lau Ko Yuen, Tom	17th December, 1999	0.5552	5,000,000	(5,000,000)	-
Chau Mei Wah, Rosanna	17th December, 1999	0.5552	6,100,000	(6,100,000)	-
Chan Fut Yan	17th December, 1999	0.5552	5,000,000	(5,000,000)	-
			<u>16,100,000</u>	<u>(16,100,000)</u>	<u>-</u>

(ii) *New Share Option Scheme of Paul Y. - ITC adopted on 27th August, 2002 (the "Paul Y. - ITC New Scheme")*

At 31st March, 2004, there were no outstanding share options granted by Paul Y. - ITC pursuant to the share option scheme of Paul Y. - ITC under the Paul Y. - ITC New Scheme. No share options were granted, exercised, cancelled or lapsed during the year.

Details of the above two share option schemes of Paul Y. - ITC are set out in note 36 to the financial statements.

DIRECTORS' REPORT *(continued)*

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES *(continued)*

Save as disclosed herein, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate and none of the directors, chief executive or their spouse or children under the age of 18, had any right to subscribe for securities of the Company or had exercised any such rights during the year.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 46 to the financial statements, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Interests of directors of the Company in competing businesses as at 31st March, 2004 required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Name of director	Name of company	Nature of competing business	Nature of interest
Chan Kwok Keung, Charles	China Strategic and its subsidiaries	Property business in the Mainland (being the People's Republic of China and for the purpose of this report, excluding Hong Kong and Macau)	As the chairman of China Strategic and chief executive officer
	Wing On Travel (Holdings) Limited ("Wing On Travel", formerly known as Ananda Wing On Travel (Holdings) Limited) and its subsidiaries	Property business in Hong Kong	As an executive director of Wing On Travel
	Pacific Century Premium Developments Limited ("PCPD", formerly known as Dong Fang Gas Holdings Limited) and its subsidiaries	Trading of building materials	As the chairman of PCPD
Chau Mei Wah, Rosanna	China Strategic and its subsidiaries	Property business in the Mainland	As an executive director of China Strategic
Chan Kwok Hung	China Strategic and its subsidiaries	Property business in the Mainland	As an alternate director to Dr. Chan Kwok Keung, Charles, the chairman & chief executive officer of China Strategic
	PCPD and its subsidiaries	Trading of building materials	As an executive director of PCPD
Wong Kun To	SMI Corporation Limited ("SMI", formerly known as Star East Holdings Limited) and its subsidiaries	Loan financing business in Hong Kong and property business in Hong Kong and the Mainland	As the managing director of SMI

DIRECTORS' REPORT *(continued)***DIRECTORS' INTERESTS IN COMPETING BUSINESSES** *(continued)*

Name of director	Name of company	Nature of competing business	Nature of interest
Cheung Hon Kit	Wing On Travel and its subsidiaries	Property business in Hong Kong	As the managing director of Wing On Travel
	Universal Engineering & Construction Ltd ("UECL")	Construction	Holds indirect shareholding interest in UECL
	Silver City Limited ("Silver City")	Property business in Hong Kong	As a director and shareholder of Silver City
	Co-Forward Development Limited ("Co-Forward")	Property business in Hong Kong	As a director and shareholder of Co-Forward
	China Development Limited ("China Development")	Property business in Hong Kong	As a director and shareholder of China Development
	Asia City Holding Limited ("Asia City")	Property business in Hong Kong	As a director and shareholder of Asia City

The changes in details of the directors' interests in competing businesses previously disclosed in the annual report of the Company for the year ended 31st March, 2003 (the "Annual Report 2003") were set out below:

1. The name of Ananda Wing On Travel (Holdings) Limited was changed to Wing On Travel (Holdings) Limited during the year.
2. Dr. Chan Kwok Keung, Charles ceased to be a substantial shareholder of SMI on 25th February, 2004. Ms. Chau Mei Wah, Rosanna retired as an executive director of SMI on 4th September, 2003. SMI had competing business of loan financing business in Hong Kong, property business in Hong Kong and the Mainland as disclosed in the Annual Report 2003.
3. Mr. Chan Kwok Hung, Mr. Chan Fut Yan, Mr. Cheung Hon Kit and Ms. Chau Mei Wah, Rosanna resigned on 9th January, 2004 as the chairman, the vice chairman, the executive vice chairman and an executive director, respectively, of China Velocity Group Limited (formerly known as Rosedale Hotel Group Limited) which had competing business of property business in the Mainland as disclosed in the Annual Report 2003.
4. Mr. Cheung Hon Kit was appointed as the managing director of Wing On Travel on 9th October, 2003.

Subsequent to the balance sheet date, Dr. Chan Kwok Keung, Charles and Mr. Chan Kwok Hung resigned on 10th May, 2004 as the chairman and an executive director, respectively, of PCPD; and the names of Dong Fang Gas Holdings Limited and Star East Holdings Limited were changed to Pacific Century Premium Developments Limited and SMI Corporation Limited respectively.

Having considered the nature, size and scope of the above businesses, the directors of the Company believe that there is unlikely to be any significant competition with the businesses of the Group.

Save as disclosed above, none of the directors of the Company is interested in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

DIRECTORS' REPORT *(continued)*

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO

As at 31st March, 2004, so far as is known to the directors and chief executive of the Company, the interests or short positions of substantial shareholders/other persons in the shares and underlying shares of the Company as recorded in the register of the Company required to be kept under Section 336 of the SFO were as follows:

a) *Interests and short positions of substantial shareholders in shares and underlying shares of the Company*

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Number of underlying shares (in respect of unlisted equity derivatives) of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Chan Kwok Keung, Charles	Interest of controlled corporation <i>(Note)</i>	Long position	219,681,911	–	33.58%
Chan Kwok Keung, Charles	Beneficial owner <i>(Note)</i>	Long position	–	833,333,333	127.36%
Chinaview	Interest of controlled corporation <i>(Note)</i>	Long position	219,681,911	–	33.58%
Galaxyway	Beneficial owner	Long position	219,681,911	–	33.58%
Ng Yuen Lan, Macy	Interest of spouse <i>(Note)</i>	Long position	219,681,911	–	33.58%
Ng Yuen Lan, Macy	Interest of spouse <i>(Note)</i>	Long position	–	833,333,333	127.36%

Note: Galaxyway was a wholly-owned subsidiary of Chinaview which was in turn wholly owned by Dr. Chan Kwok Keung, Charles. Ms. Ng Yuen Lan, Macy was the spouse of Dr. Chan Kwok Keung, Charles. Chinaview, Dr. Chan Kwok Keung, Charles and Ms. Ng Yuen Lan, Macy were deemed to be interested in the ordinary shares held by Galaxyway.

Dr. Chan Kwok Keung, Charles owned convertible notes issued by the Company in an aggregate principal amount of HK\$250,000,000 carrying rights to convert into 833,333,333 ordinary shares of the Company at an initial conversion price of HK\$0.30 per ordinary share, subject to adjustment. Ms. Ng Yuen Lan, Macy, being the spouse of Dr. Chan Kwok Keung, Charles, was deemed to be interested in the underlying shares (in respect of the convertible notes (unlisted equity derivatives)) held by Dr. Chan Kwok Keung, Charles. Out of the aforesaid convertible notes of HK\$250,000,000, HK\$120,000,000 convertible notes (representing 400,000,000 underlying shares) were pledged.

DIRECTORS' REPORT *(continued)***INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS RECORDED IN THE REGISTER KEPT UNDER SECTION 336 OF THE SFO** *(continued)***b) Interests and short positions of other persons in shares and underlying shares of the Company**

Name	Capacity	Long position/ Short position	Number of ordinary shares of the Company held	Number of underlying shares (in respect of (unlisted equity derivatives)) of the Company held	Approximate percentage of the issued ordinary share capital of the Company
Tai Fook Finance Company Limited	Security interest (Note 1)	Long position	–	400,000,000	61.13%
Tai Fook (BVI) Limited	Interest of controlled corporation (Note 1)	Long position	–	400,000,000	61.13%
Tai Fook Securities Group Limited	Interest of controlled corporation (Note 1)	Long position	–	400,000,000	61.13%
Leung Choi Yin	Beneficial owner	Long position	32,053,333	–	4.90%
Leung Choi Yin	Beneficial owner	Long position	–	26,666,667	4.08%
Gold Device Ltd.	Beneficial owner	Long position	–	40,000,000	6.11%
Wang Yung-tyng	Interest of controlled corporation (Note 2)	Long position	–	40,000,000	6.11%

Notes:

1. Tai Fook Finance Company Limited had interests in underlying shares (in respect of the unlisted equity derivatives) as security interests.

Tai Fook Finance Company Limited was a wholly-owned subsidiary of Tai Fook (BVI) Limited which was in turn wholly owned by Tai Fook Securities Group Limited. Tai Fook (BVI) Limited and Tai Fook Securities Group Limited were deemed to have security interests in the underlying shares interested by Tai Fook Finance Company Limited.

2. Gold Device Ltd. was wholly owned by Mr. Wang Yung-tyng. Mr. Wang Yung-tyng was deemed to be interested in the underlying shares (in respect of the unlisted equity derivatives) held by Gold Device Ltd..

Save as disclosed above, no other parties were recorded in the register of the Company required to be kept under Section 336 of the SFO as having interests or short positions in the shares or underlying shares of the Company as at 31st March, 2004.

RETIREMENT BENEFIT SCHEMES

Information on the Group's retirement benefit schemes is set out in note 40 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS' REPORT *(continued)*

CHARITABLE DONATIONS

During the year, the Group made charitable donation amounting to HK\$16,000.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied throughout the year with the Code of Best Practice as set out in Appendix 14 of the Listing Rules except that the independent non-executive directors of the Company are not appointed for a specific term as they are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Company's Bye-laws.

DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES

The following disclosure is made by the Company pursuant to Rules 13.20 and 13.22 of the Listing Rules:

(1) Advances to entities

Pursuant to Rule 13.20 of the Listing Rules, the details of the advances ("Advances") to and trading balances due from the entities as at 31st March, 2004 which individually exceeded 8% of one or more of the relevant percentage ratios as set out in Rule 14.07 of the Listing Rules are as follows:

Entities	Amount of Advances HK\$'000	Amount of trading balances HK\$'000	Total HK\$'000	Interest rate
China Strategic, its subsidiaries and its affiliated companies, excluding China Velocity Group Limited ("China Velocity") and Wing On Travel	175,700	1,858	177,558	Prime rate + 2%
Hanny, its subsidiaries and its affiliated companies, excluding China Strategic	150,717	256	150,973	Prime rate + 2%
China Velocity, its subsidiaries and its affiliated companies	131,702 (Note 1)	641	132,343	Prime rate + 0.25%
Wing On Travel, its subsidiaries and its affiliated companies	87,879	2,665	90,544	Prime rate + 2%
Bongear Enterprises Limited	80,206	–	80,206	Prime rate + 1%
Banyan Profits Limited	69,869	–	69,869	Prime rate – 2%
SMI, its subsidiaries and its affiliated companies	54,739 (Note 2)	2,252	56,991	Prime rate + 2% and Prime rate + 3%
Digital World Technology Limited	16,741	23,666	40,407	Prime rate + 2%
Gold Signature Securities Limited	22,664	–	22,664	Prime rate + 2%

Notes:

1. Amount repayable by instalment with final maturity on 30th June, 2005.
2. Amount repayable on 30th September, 2004, 30th November, 2004 (subsequently extended to 30th April, 2005) and 31st December, 2004.

The amounts are unsecured and, except as otherwise stated above in notes 1 and 2, are repayable on demand.

The Group advanced the monies to these entities for their general working capital purpose in return of interest income and establishing and maintaining a business and investment relationship with them.

DIRECTORS' REPORT *(continued)***DISCLOSURE PURSUANT TO RULES 13.20 AND 13.22 OF THE LISTING RULES** *(continued)***(1) Advances to entities** *(continued)*

In addition, as at 31st March, 2004, the Group has the following trading balances including retention monies ("Trade Receivable") due from five trade customers, their subsidiaries and their affiliated companies which individually exceeded 8% of one or more of the relevant percentage ratios as set out in Rule 14.07 of the Listing Rules:

	Amount of Trade Receivable HK\$'000
Cyber-port Limited	318,228
Cheung Kong (Holdings) Limited, its subsidiaries and its affiliated companies <i>(Note)</i>	230,887
Hutchison Whampoa Limited, its subsidiaries and its affiliated companies <i>(Note)</i>	173,793
Hong Kong Housing Authority	45,141
Tak Shing Investment Co Ltd	35,285

Note: This includes the trade receivables from Hutchison Whampoa Limited and its subsidiaries in the sum of approximately HK\$95,087,000.

The Trade Receivable, which are unsecured, interest free and with payment terms ranging from 30 days to 90 days, are mainly arisen from construction services rendered by the Group to the relevant customers.

(2) Financial assistance given to and trading balance due from affiliated companies

Pursuant to Rule 13.22 of the Listing Rules, the proforma combined balance sheet of the affiliated companies and the Group's attributable interest in these affiliated companies based on their latest financial statements available are presented below:

	Proforma combined balance sheet HK\$'000	The Group's attributable interest HK\$'000
Non-current assets	8,333,565	1,931,557
Current assets	9,743,055	2,256,534
Current liabilities	(6,130,897)	(1,410,248)
Non-current liabilities	(3,317,210)	(727,174)
Minority interests	(655,317)	(172,914)
	<u>7,973,196</u>	<u>1,877,755</u>

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31st March, 2004, save as disclosed herein, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of Company's listed securities.

AUDITORS

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditors of the Company.

On behalf of the Board

Dr. Chan Kwok Keung, Charles
Chairman

Hong Kong, 23rd July, 2004