

NOTES TO CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th September, 2004

1. Significant accounting policies

The condensed interim financial statements have been prepared in accordance with Statement of Standard Accounting Practice No. 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The accounting policies adopted in these condensed interim financial statements have been prepared on a basis consistent with the principal accounting policies as stated in the audited financial statements of the Group for the year ended 31 March 2004.

2. Turnover

An analysis of the Group's turnover and contribution to operating profit by business segments and turnover by geographical segments are as follows:

(a) By business segments

For the six months ended 30th September, 2004

	Continuing					Consolidated HK\$000
	Construction and engineering HK\$000	Insurance and investment HK\$000	Property and hotel HK\$000	IT HK\$000	Others HK\$000	
Turnover						
Total turnover	986,404	134,020	205,092	294,683	216,737	1,836,936
Inter-segment sales	(134)	(7,544)	(20,937)	(4,646)	(8,974)	(42,235)
	<u>986,270</u>	<u>126,476</u>	<u>184,155</u>	<u>290,037</u>	<u>207,763</u>	<u>1,794,701</u>

Inter-segment sales are charged at prices determined by management with reference to market prices.

Results

Segment results	<u>83,708</u>	<u>20,646</u>	<u>66,133</u>	<u>1,480</u>	<u>11,703</u>	183,670
Unallocated corporate expenses						(3,812)
Interest income						4,931
Profit from operations						184,789
Interest expenses						(10,148)
Share of results of associates	(1,201)	-	-	(24)	(145)	(1,370)
Share of results of jointly controlled entities	(117)	-	(12)	-	-	(129)
Profit before taxation						173,142
Taxation						(32,362)
Profit before minority interests						140,780
Minority Interests						(15,669)
Net profit for the period						<u>125,111</u>

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**2. Turnover (Continued)****(a) By business segment (continued)**

For the six months ended 30th September, 2003

	Continuing					Discontinuing	Consolidated HK\$000
	Construction and engineering HK\$000	Insurance and investment HK\$000	Property and hotel HK\$000	IT HK\$000	Others HK\$000	Tele- communication services and general merchandise trading HK\$000	
Turnover							
Total turnover	760,428	165,436	172,490	262,473	220,633	917	1,582,377
Inter-segment sales	(106)	(10,640)	(19,392)	(558)	(8,220)	(31)	(38,947)
External sales	<u>760,322</u>	<u>154,796</u>	<u>153,098</u>	<u>261,915</u>	<u>212,413</u>	<u>886</u>	<u>1,543,430</u>

Inter-segment sales are charged at prices determined by management with reference to market prices.

Results

Segment results	<u>88,854</u>	<u>31,426</u>	<u>49,976</u>	<u>3,290</u>	<u>3,904</u>	<u>577</u>	178,027
Unallocated corporate expenses							(1,053)
Interest income							4,474
Deficit on revaluation of properties	-	-	(42,164)	-	-	-	(42,164)
Profit from operations							139,284
Interest expenses							(19,913)
Share of results of associates	(1,126)	-	-	(235)	(1,912)	-	(3,273)
Share of results of jointly controlled entities	2	-	(20)	-	-	-	(18)
Profit before taxation							116,080
Taxation							(28,693)
Profit before minority interests							87,387
Minority Interests							(12,202)
Net profit for the period							<u>75,185</u>

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**2. Turnover (Continued)***(b) By geographical segments*

	Six months ended 30th September, Turnover	
	2004 <i>HK\$ Million</i>	2003 <i>HK\$ Million</i>
Hong Kong	1,162	1,039
Mainland China	110	83
Singapore	96	92
Thailand	36	59
Canada	165	171
U.S.A.	51	50
Europe	110	29
Australia	52	–
Others	13	20
	1,795	1,543
	1,795	1,543

3. Profit from operations

	Six months ended 30th September,	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>

Profit from operations is arrived at after charging:

Cost of inventories recognised as expenses	567,223	430,132
Depreciation on property, plant and equipment	33,387	29,316
Staff costs including directors' emoluments	302,965	262,399
<i>Less: Amount capitalised to contract work</i>	<i>(29,287)</i>	<i>(15,167)</i>
	273,678	247,232
Operating lease payments in respect of leasing of:		
Premises	8,724	6,859
Others	5,187	502
	5,187	502
	5,187	502

NOTES TO CONDENSED FINANCIAL STATEMENTS (*Continued*)**4. Taxation**

	Six months ended 30th September,	
	2004	2003
	HK\$'000	HK\$'000
The Company and subsidiaries		
Current year profits tax		
Hong Kong	23,582	24,849
Overseas	6,730	4,624
Deferred taxation	1,760	(1,292)
Associates		
Hong Kong	290	520
Overseas	–	(8)
	32,362	28,693

Hong Kong profits tax has been provided for at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits for the period. Provision for overseas taxation is calculated based on the applicable local legislation on the estimated assessable profits of the individual company concerned.

Deferred tax has been provided for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits.

5. Interim dividend

	Six months ended 30th September,	
	2004	2003
	HK\$'000	HK\$'000
Interim dividend		
HK\$20 cents per share on 278,582,090 shares		
(2003: HK\$10 cents per share on 275,708,398 shares)	55,716	27,571

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**6. Earnings per share**

The calculation of the basic earnings per share is based on the following data:

	Six months ended 30th September,	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Earnings for the purposes of basic earnings per share	<u>125,111</u>	<u>75,185</u>
	Number of shares	
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>278,582</u>	<u>265,392</u>

Basic earnings per share is calculated based on the profit for the period of HK\$125,111,000 (2003: HK\$75,185,000) and on the weighted average number of 278,582,000 (2003: 265,392,000) ordinary shares issued, which have been adjusted for the consolidation of the Company's ordinary shares during the period.

Diluted earnings per share is not shown as there is no dilutive potential ordinary share outstanding throughout the periods ended 30th September 2004 and 30th September 2003.

7. Property, plant and equipment

For the six months ended 30th September, 2004, the Group acquired property, plant and equipment of HK\$19,460,000 and disposal of property, plant and equipment with a carrying amount of HK\$4,758,000.

NOTES TO CONDENSED FINANCIAL STATEMENTS (*Continued*)**8. Debtors, deposits and prepayments**

Included in debtors, deposits and prepayments are trade debtors of HK\$721,463,000 (31st March, 2004: HK\$670,862,000).

The ageing analysis of trade debtors is as follows:

	30th September, 2004	31st March, 2004
	HK\$'000	HK\$'000
0-60 days	597,883	605,265
61-90 days	26,253	30,269
Over 90 days	97,327	35,328
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Total	721,463	670,862
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The Group has established different credit policies for customers in each of its core businesses. The average credit period granted to trade debtors was 60 days.

9. Creditors, deposits and accruals

Included in creditor, deposits and accruals are trade creditors of HK\$279,237,000 (31st March, 2004: HK\$283,779,000).

The ageing analysis of trade creditors is as follows:

	30th September, 2004	31st March, 2004
	HK\$'000	HK\$'000
0-60 days	155,660	176,528
61-90 days	10,367	8,418
Over 90 days	113,210	98,833
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Total	279,237	283,779
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NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**10. Share capital**

	Number of ordinary shares of HK\$1.25 each	Nominal Value HK\$'000
Authorised:		
At 31st March, 2004 and 30th September, 2004	540,000,000	675,000
Issued and fully paid:		
At 31st March, 2004 and 30th September, 2004	278,582,090	348,228

There was no change in the authorised and issued share capital during the period under review.

11. Reserves

	Share premium HK\$'000	Capital reserve HK\$'000	Capital redemption reserve HK\$'000	Properties revaluation reserve HK\$'000	Exchange fluctuation reserve HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1st April, 2004	417,860	269,334	7,526	116,543	2,799	55,716	1,255,843	2,125,621
Final dividend for 2004 paid	-	-	-	-	-	(55,716)	-	(55,716)
Share issue expenses	(10)	-	-	-	-	-	-	(10)
Release on liquidation of subsidiaries	-	29	-	-	-	-	-	29
Acquisition of subsidiaries	-	581	-	-	-	-	-	581
Exchange difference arising on translation of financial statements of overseas subsidiaries, associates and jointly controlled entities	-	-	-	-	(4,025)	-	-	(4,025)
Net profits for the period	-	-	-	-	-	-	125,111	125,111
Dividend	-	-	-	-	-	55,716	(55,716)	-
At 30th September, 2004	417,850	269,944	7,526	116,543	(1,226)	55,716	1,325,238	2,191,591

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**12. Contingent liabilities**

At 30th September, 2004, the Group and the Company had the following contingent liabilities:

- (a) The company had contingent liabilities in respect of counter-indemnities given to bankers and insurance institutions for their guarantees amounting to approximately HK\$124,200,000 (31st March, 2004: HK\$257,200,000) issued in respect of the Group's performance for maintenance and remedial work for Private Sector Participation Scheme projects completed by the Group.
- (b) The Company issued guarantees for banking facilities utilized and performance bonds extended to its subsidiaries and an associate amounting to HK\$847,300,000 (31st March, 2004: HK\$945,669,000) and HK\$242,347,000 (31st March, 2004: HK\$405,435,000).
- (c) The Company had contingent liabilities of HK\$861,000 (31st March, 2004: HK\$1,753,000) in respect of guarantees given to lessors for leasing the Group's equipment.

13. Capital commitment

	THE GROUP	
	30th September, 2004	31st March, 2004
	HK\$'000	HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of investment in partnership	17,873	19,667

NOTES TO CONDENSED FINANCIAL STATEMENTS (Continued)**14. Operating leases**

The Group as lessee

The Group had future minimum lease payments under non-cancellable operating leases as follows:

	30th September, 2004	31st March, 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leases which expire:		
Within one year	8,192	5,906
In the second to fifth years inclusive	13,188	3,629
Over five years	10,774	–
	32,154	9,535

Leases are negotiated and rentals are fixed for an average term of two years.

The Group as lessor

The Group had future minimum lease payments receivable under non-cancellable operating leases as follows:

	30th September, 2004	31st March, 2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Leases which expire:		
Within one year	37,786	35,845
In the second to fifth years inclusive	25,030	11,352
	62,816	47,197

The lease terms ranged from one year to five years.

15. Comparative figures

Certain comparative figures have been reclassified in order to conform with the presentation of current period.