

notes to the financial statements

For the year ended 31 March 2001

1. GENERAL

The Company was incorporated in Bermuda as an exempted company with limited liability and its shares and warrants are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Its subsidiaries are principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified for the revaluation of investment properties and certain investment in securities.

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 March each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from or up to the effective dates of acquisition or disposal respectively.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Goodwill and capital reserve

Goodwill or capital reserve arising on the acquisition of a subsidiary, an associate or a jointly controlled entity represents respectively the excess or shortfall of the purchase consideration over the Group's share of the fair value ascribed to the separable net assets of the subsidiary, associate or jointly controlled entity at the date of acquisition. Goodwill or capital reserve is written off or credited directly to reserves in the year of acquisition.

On disposal of a subsidiary, an associate or a jointly controlled entity, the attributable amount of goodwill or capital reserve previously written off against or credited to reserves at the time of acquisition is included in the determination of the profit or loss on disposal.

Revenue recognition

When the outcome of a construction contract can be estimated reliably, revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the value of work carried out during the period. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Income from property development project undertaken by the Group which is known as Private Sector Participation Scheme property development project is recognised, when the outcome of the project can be estimated reliably, over the development period on the percentage of completion method, measured by reference to the value of work carried out during the period.

Service income is recognised when services are provided.

Rental income, including rentals invoiced in advance from properties let under operating leases, is recognised on a straight line basis over the terms of the relevant lease.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital/contributed capital, or controls more than half of the voting power, or where the Company controls the composition of its board of directors or equivalent governing body.

Investments in subsidiaries are included in the Company's balance sheet at cost less any impairment loss.

Associates

An associate is an enterprise over which the Group is in a position to exercise significant influence, including participation in financial and operating policy decisions.

The Group's interests in associates are included in the consolidated balance sheet at the Group's share of net assets of the associates. The Group's share of post-acquisition results of the associates are included in the consolidated income statement.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control. Joint venture arrangements which involve the establishment of a separate entity in which each venturer has an interest are referred to as jointly controlled entities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Joint ventures (continued)

The Group's interests in jointly controlled entities are included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entities. The Group's share of post-acquisition results of jointly controlled entities is included in the consolidated income statement.

When the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

Investment properties

Investment properties are completed properties which are held for their investment potential, any rental income being negotiated at arm's length.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to that property is transferred to the income statement.

No depreciation is provided in respect of investment properties which are held on lease with unexpired terms, including the renewable period, of more than twenty years.

Property, plant and equipment

Property, plant and equipment, other than properties under development, are stated at cost less depreciation or amortisation. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the asset.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the income statement.

Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected future cash flows are not discounted to their present values.

Amortisation is provided to write off the cost of leasehold land over the terms of the relevant leases using the straight line method.

The cost of buildings is depreciated over their estimated useful lives of twenty-five years or, where shorter, the terms of the relevant leases using the straight line method.

Depreciation is provided to write off the cost of other property, plant and equipment other than properties under development, over their estimated useful lives, using the reducing balance method, at the following rates per annum:

Plant and machinery	15% – 25%
Motor vehicles	25%
Furniture, fixtures and equipment	15%

Assets held under finance leases are depreciated over their estimated useful lives or, where shorter, the terms of the leases on the same basis as owned assets.

Assets held under hire purchase contracts are depreciated over their estimated useful lives on the same basis as owned assets.

Assets held under finance leases and hire purchase contracts

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the Group. Assets held under finance leases and hire purchase contracts are capitalised at their fair value at the date of acquisition. The corresponding principal portions of the commitments are shown as obligations of the Group. The finance charges, which represent the difference between the total commitments and the outstanding principal amount at the inception of the finance leases or hire purchase contracts, are charged to the income statement using the actuarial method over the periods of the respective leases or contracts.

All other leases are classified as operating leases and the rentals payable are charged to the income statement on a straight line basis over the periods of the respective leases.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties under development

Properties under development are stated at cost plus development profit recognised to date less any impairment loss where appropriate.

Cost comprises land cost and development costs including attributable borrowing costs and charges capitalised during the development period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Investments in securities

Investments are classified as investment securities and other investments.

Investment securities, which are securities held for an identified long-term strategic purpose, are stated at cost less any impairment loss.

Other investments are stated at fair value with unrealised gains and losses included in the income statement in the current period.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are charged to the income statement by reference to the stage of completion of the contract activity at the balance sheet date on the same basis as contract revenue is recognised.

When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Retirement benefit scheme contributions

The amount of the contributions payable in respect of the current year to the Group's defined contribution retirement benefit scheme is charged to the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Certain items of income and expense are recognised for tax purposes in a different accounting period from that in which they are recognised in the financial statements. The tax effect of the resulting timing differences, computed under the liability method, is recognised as deferred taxation in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

Foreign currencies

Transactions in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the rates ruling on the balance sheet date. Gains and losses arising on exchange are dealt with in the income statement.

On consolidation, the financial statements denominated in currencies other than Hong Kong dollars are translated into Hong Kong dollars at the exchange rates ruling on the balance sheet date. All exchange differences arising on translation are dealt with in reserves.

Cash equivalents

Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired; less advances from banks repayable within three months from the date of the advances.

3. TURNOVER AND CONTRIBUTION TO PROFIT FROM OPERATIONS

The Group is principally engaged in civil engineering, electrical and mechanical engineering, foundation and building construction work. No business segment analysis is presented as the Directors consider that the Group has one single business segment.

No analysis of contribution to profit from operations by geographical market has been presented as more than 90% of the Group's activities were carried out in Hong Kong.

4. PROFIT FROM OPERATIONS

	2001 HK\$	2000 HK\$
Profit from operations has been arrived at after charging:		
Auditors' remuneration:		
Current year	1,499,604	1,289,200
Underprovision in prior years	203,800	259,813
Depreciation and amortisation on:		
Owned assets	35,889,353	34,085,097
Assets held under finance leases and hire purchase contracts	20,893,313	13,201,372
	<u>56,782,666</u>	<u>47,286,469</u>
Less: Amount attributable to contract work	<u>(53,037,589)</u>	<u>(43,485,400)</u>
	<u>3,745,077</u>	<u>3,801,069</u>
Loss on disposal of property, plant and equipment	263,613	—
Operating lease rentals for:		
Land and buildings	3,378,541	4,009,973
Plant and machinery	61,599,848	46,845,111
	<u>64,978,389</u>	<u>50,855,084</u>
Less: Amount attributable to contract work	<u>(62,392,348)</u>	<u>(47,864,271)</u>
	<u>2,586,041</u>	<u>2,990,813</u>
Staff costs, including directors' emoluments	448,075,578	409,397,942
Less: Amount attributable to contract work	<u>(374,406,466)</u>	<u>(342,177,327)</u>
Amount attributable to property under development	<u>(346,546)</u>	<u>—</u>
	<u>73,322,566</u>	<u>67,220,615</u>
and after crediting:		
Gain on disposal of property, plant and equipment	—	3,175,659
Less: Amount attributable to contract work	—	<u>(2,847,940)</u>
	—	<u>327,719</u>
Interest income	923,746	807,729
Rental income from investment properties, net of negligible outgoings	<u>992,736</u>	<u>1,335,727</u>

5. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

	2001 HK\$	2000 HK\$
Fees:		
Executive Directors	—	—
Independent Non-executive Directors	660,000	660,000
Other emoluments to Executive Directors:		
Salaries and other benefits	10,197,952	9,550,000
Retirement benefit scheme contributions	135,400	66,250
	<u>10,993,352</u>	<u>10,276,250</u>

The Directors' emoluments were within the following bands:

	2001 Number of Directors	2000 Number of Directors
Nil to HK\$1,000,000	4	7
HK\$1,000,001 to HK\$1,500,000	—	1
HK\$1,500,001 to HK\$2,000,000	2	2
HK\$2,000,001 to HK\$2,500,000	1	—
HK\$4,500,001 to HK\$5,000,000	1	1
	<u>1</u>	<u>1</u>

5. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(b) Employees' emoluments

The five highest paid individuals included two (2000: three) Executive Directors whose emoluments are included above. The emoluments of the remaining three (2000: two) individuals are as follows:

	2001 HK\$	2000 HK\$
Salaries and other benefits	5,763,250	3,713,250
Retirement benefit scheme contributions	148,730	65,250
	<u>5,911,980</u>	<u>3,778,500</u>

The employees' emoluments were within the following bands:

	2001 Number of employees	2000 Number of employees
HK\$1,500,001 to HK\$2,000,000	2	2
HK\$2,000,001 to HK\$2,500,000	1	—
	<u>3</u>	<u>2</u>

6. FINANCE COSTS

	2001 HK\$	2000 HK\$
Interest payable on:		
Bank borrowings wholly repayable within five years	58,089,989	11,941,491
Other borrowing wholly repayable within five years	702,236	996,068
Bank borrowings not wholly repayable within five years	858,712	1,420,666
Finance leases and hire purchase contracts	6,816,190	4,914,362
	<u>66,467,127</u>	<u>19,272,587</u>
Less: Amount attributable to contract work	(19,643,185)	(13,142,789)
Amount attributable to property under development	(38,329,143)	(29,170)
	<u>8,494,799</u>	<u>6,100,628</u>

7. TAXATION

	2001 HK\$	2000 HK\$
The charge comprises:		
Current taxation		
– Hong Kong Profits Tax	4,440,033	9,017,930
– Foreign Enterprise Income Tax in the People's Republic of China ("PRC")	83,139	60,795
	<u>4,523,172</u>	<u>9,078,725</u>
Deferred taxation		
– Hong Kong Profits Tax	(915,597)	(524,000)
	<u>3,607,575</u>	<u>8,554,725</u>
Share of taxation attributable to jointly controlled entities	4,337,995	—
	<u>7,945,570</u>	<u>8,554,725</u>

Hong Kong Profits Tax is calculated at 16% of the estimated assessable profits for the year.

Foreign Enterprise Income Tax in the PRC is calculated at the rates prevailing in the PRC.

Details of the deferred taxation are set out in note 23.

8. PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Of the Group's profit attributable to shareholders of HK\$46,380,622 (2000: HK\$43,525,896), a profit of HK\$16,460,714 (2000: HK\$18,379,924) has been dealt with in the financial statements of the Company.

9. DIVIDENDS

	2001 HK\$	2000 HK\$
Interim dividend paid of 1.00 cent (2000: 1.25 cents) per share	7,245,455	9,160,559
Final dividend proposed of 1.25 cents (2000: 1.25 cents) per share	<u>9,056,824</u>	<u>9,160,394</u>
	<u>16,302,279</u>	<u>18,320,953</u>

The final dividend of HK\$9,056,824 for the year ended 31 March 2001, which is calculated by reference to 724,545,896 shares in issue as at the date of this report, has been proposed by the Directors and is subject to approval by the shareholders in the Annual General Meeting.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to shareholders of HK\$46,380,622 (2000: HK\$43,525,896) and the weighted average of 729,413,534 shares (2000: 622,409,321 shares) in issue during the year.

The computation of diluted earnings per share does not assume the exercise of the Company's outstanding warrants and share options as the exercise prices of those warrants and options were higher than the average market prices of the Company's shares in both years.

11. INVESTMENT PROPERTIES

	THE GROUP	
	2001 HK\$	2000 HK\$
VALUATION		
At beginning of the year	26,340,000	27,540,000
Surplus (deficit) on revaluation	2,500,000	(1,200,000)
At end of the year	<u>28,840,000</u>	<u>26,340,000</u>

The investment properties of the Group were leased out for rental purposes under operating leases and were revalued as at 31 March 2001 on an open market value basis by Centaline Surveyors Limited, a firm of independent professional valuers. The resulting surplus arising on revaluation of HK\$2,500,000 has been credited to the income statement.

The investment properties are situated in the PRC and are held under medium-term lease.

12. PROPERTY, PLANT AND EQUIPMENT

	THE GROUP					THE COMPANY
	Leasehold land and buildings HK\$	Plant and machinery HK\$	Motor vehicles HK\$	Furniture, fixtures and equipment HK\$	Total HK\$	Leasehold land and buildings HK\$
COST						
At 1 April 2000	57,942,251	420,184,652	30,220,424	24,523,250	532,870,577	49,085,889
Currency realignment	—	490	4,150	2,343	6,983	—
Acquisition of subsidiaries	—	—	—	26,450	26,450	—
Additions	—	75,599,801	5,580,937	2,428,838	83,609,576	—
Disposals	—	(335,188)	(2,809,085)	(73,066)	(3,217,339)	—
At 31 March 2001	57,942,251	495,449,755	32,996,426	26,907,815	613,296,247	49,085,889
DEPRECIATION AND AMORTISATION						
At 1 April 2000	6,018,826	158,836,752	13,616,294	11,468,993	189,940,865	5,357,260
Currency realignment	—	296	3,735	1,976	6,007	—
Acquisition of subsidiaries	—	—	—	15,206	15,206	—
Provided for the year	1,452,279	48,829,557	4,479,812	2,021,018	56,782,666	1,255,365
Eliminated on disposals	—	(301,631)	(2,033,663)	(28,773)	(2,364,067)	—
At 31 March 2001	7,471,105	207,364,974	16,066,178	13,478,420	244,380,677	6,612,625
NET BOOK VALUES						
At 31 March 2001	50,471,146	288,084,781	16,930,248	13,429,395	368,915,570	42,473,264
At 31 March 2000	51,923,425	261,347,900	16,604,130	13,054,257	342,929,712	43,728,629

12. PROPERTY, PLANT AND EQUIPMENT (continued)

The net book values of leasehold land and buildings held by the Group and the Company at the balance sheet date comprise the following:

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Properties in Hong Kong held under medium-term lease	44,723,264	46,028,629	42,473,264	43,728,629
Properties in the PRC held under:				
Long lease	1,012,902	1,028,965	—	—
Medium-term lease	4,734,980	4,865,831	—	—
	50,471,146	51,923,425	42,473,264	43,728,629

The net book value of the Group's property, plant and equipment includes an amount of HK\$113,110,812 (2000: HK\$76,874,900) and HK\$9,297,559 (2000: HK\$6,095,025) in respect of plant and machinery and motor vehicles held under finance leases and hire purchase contracts respectively.

13. PROPERTY UNDER DEVELOPMENT

The property under development represents the Private Sector Participation Scheme property development project in Yuen Long, Hong Kong. The land is held under medium-term lease.

14. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2001 HK\$	2000 HK\$
Unlisted shares, at cost	77,191,821	77,191,805
Amounts due from subsidiaries	520,619,159	450,263,729
	597,810,980	527,455,534

Particulars of the Company's principal subsidiaries at 31 March 2001 are set out in note 40.

15. INTERESTS IN ASSOCIATES

	THE GROUP	
	2001 HK\$	2000 HK\$
Investment costs	1,409,457	4
Amounts due from associates	<u>83,154,549</u>	<u>77,851,366</u>
	<u>84,564,006</u>	<u>77,851,370</u>

The Group's share of results of associates have not been accounted for in the consolidated income statement as, in the opinion of the Directors, the results of the associates attributable to the Group are insignificant.

Particulars of the associates as at 31 March 2001 are set out in note 41.

16. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2001 HK\$	2000 HK\$
Capital contribution	—	—
Share of results of jointly controlled entities	<u>21,261,471</u>	<u>—</u>
	<u>21,261,471</u>	<u>—</u>

Particulars of the jointly controlled entities as at 31 March 2001 are set out in note 42.

17. INVESTMENTS

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Other investments:				
Unlisted debt securities				
– Hong Kong	10,000,000	10,000,000	10,000,000	10,000,000
Listed equity securities				
– Hong Kong	—	136,202	—	—
	<u>10,000,000</u>	<u>10,136,202</u>	<u>10,000,000</u>	<u>10,000,000</u>
Market value of listed equity securities	<u>—</u>	<u>136,202</u>	<u>—</u>	<u>—</u>

18. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORK

	THE GROUP	
	2001 HK\$	2000 HK\$
Costs incurred to date plus recognised profits		
less recognised losses	12,623,409,261	10,914,159,785
Less: Progress billings	<u>(12,509,738,615)</u>	<u>(10,826,253,882)</u>
	<u>113,670,646</u>	<u>87,905,903</u>
Represented by:		
Due from customers included in current assets	279,908,758	275,746,091
Due to customers included in current liabilities	<u>(166,238,112)</u>	<u>(187,840,188)</u>
	<u>113,670,646</u>	<u>87,905,903</u>

At the balance sheet date, retentions held by customers for contract work included in debtors, deposits and prepayments were HK\$175,253,336 (2000: HK\$254,010,494).

19. DEBTORS, DEPOSITS AND PREPAYMENTS

Interim applications for progress payments in construction contracts are normally on a monthly basis and settled within one month. The ageing analysis of trade debtors of HK\$296,017,957 (2000: HK\$384,481,929), which are included in the Group's debtors, deposits and prepayments, are as follows:

	2001 HK\$	2000 HK\$
Not yet due	206,502,495	274,489,119
0 to 30 days	9,839,701	18,172,996
31 to 90 days	511,099	1,905,152
91 to 180 days	135,218	26,320
Over 180 days	79,029,444	89,888,342
	<u>296,017,957</u>	<u>384,481,929</u>

The Company did not have any trade debtors at the balance sheet date.

20. CREDITORS AND ACCRUED CHARGES

The ageing analysis of trade creditors of HK\$427,623,201 (2000: HK\$552,897,369), which are included in the Group's creditors and accrued charges, are as follows:

	2001 HK\$	2000 HK\$
Not yet due	231,902,908	334,072,177
0 to 30 days	93,397,544	116,338,955
31 to 90 days	19,931,188	11,058,998
91 to 180 days	1,899,349	3,728,011
Over 180 days	80,492,212	87,699,228
	<u>427,623,201</u>	<u>552,897,369</u>

The Company did not have any trade creditors at the balance sheet date.

21. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	THE GROUP	
	2001	2000
	HK\$	HK\$
The principal portion of the obligations under finance leases and hire purchase contracts is repayable as follows:		
Within one year	43,108,941	26,814,726
More than one year, but not exceeding two years	33,221,869	22,214,279
More than two years, but not exceeding five years	12,239,991	11,026,716
	<u>88,570,801</u>	<u>60,055,721</u>
Less: Amount due within one year and shown under current liabilities	<u>(43,108,941)</u>	<u>(26,814,726)</u>
Amount due after one year	<u>45,461,860</u>	<u>33,240,995</u>

2.2. BORROWINGS

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Borrowings comprise:				
Trust receipt loans	75,559,323	74,906,820	—	—
Bank loans	879,458,398	70,300,000	—	—
Mortgage loans	21,960,995	29,726,169	16,914,889	21,041,668
Bank overdrafts	—	1,930,074	—	1,325,422
	976,978,716	176,863,063	16,914,889	22,367,090
Analysed as:				
Secured	809,419,394	84,351,591	16,914,889	22,367,090
Unsecured	167,559,322	92,511,472	—	—
	976,978,716	176,863,063	16,914,889	22,367,090
The borrowings are repayable as follows:				
Within one year or on demand	176,050,051	154,918,070	4,363,535	5,458,283
More than one year, but not exceeding two years	4,739,631	8,408,635	3,820,719	4,281,441
More than two years, but not exceeding five years	793,233,701	8,519,886	5,775,302	7,610,894
More than five years	2,955,333	5,016,472	2,955,333	5,016,472
	976,978,716	176,863,063	16,914,889	22,367,090
Less: Amount due within one year and shown under current liabilities	(176,050,051)	(154,918,070)	(4,363,535)	(5,458,283)
Amount due after one year	800,928,665	21,944,993	12,551,354	16,908,807

23. DEFERRED TAXATION

	THE GROUP	
	2001 HK\$	2000 HK\$
At beginning of the year	7,819,500	8,343,500
Credit for the year (note 7)	(915,597)	(524,000)
At end of the year	<u>6,903,903</u>	<u>7,819,500</u>

At the balance sheet date, the major components of the provision for deferred taxation were as follows:

	THE GROUP	
	2001 HK\$	2000 HK\$
Tax effect of timing differences attributable to:		
Excess of tax allowances over depreciation	41,409,500	40,455,500
Unutilised tax losses	(25,823,117)	(29,051,000)
Others	(8,682,480)	(3,585,000)
	<u>6,903,903</u>	<u>7,819,500</u>

There was no significant unprovided deferred taxation of the Group and the Company for the year or at the balance sheet date.

24. SHARE CAPITAL

	2001 Number of shares	2000	2001 HK\$	2000 HK\$
Shares of HK\$0.1 each				
Authorised:				
At beginning and end of the year	1,500,000,000	1,500,000,000	150,000,000	150,000,000
Issued and fully paid:				
At beginning of the year	732,831,483	532,938,315	73,283,148	53,293,832
Exercise of 1999 Warrants (note 25)	—	8,250	—	825
Bonus issue of shares (note a)	—	53,294,656	—	5,329,466
Exercise of 2001 Warrants (note 25)	413	23,966	42	2,396
Rights issue of shares (note b)	—	146,566,296	—	14,656,629
Repurchase of shares (note c)	(8,286,000)	—	(828,600)	—
At end of the year	724,545,896	732,831,483	72,454,590	73,283,148

Notes:

- (a) In 2000, a bonus issue of 53,294,656 shares of HK\$0.1 each in the Company was made to the shareholders on the basis of one bonus share for every ten existing shares then held on 23 September 1999. The bonus shares were credited as fully paid at par by way of capitalisation of a sum of HK\$5,329,466 standing to the credit of the Company's share premium account.
- (b) In 2000, a total of 146,566,296 shares of HK\$0.1 each in the Company were issued at HK\$0.48 per share by way of a rights issue on the basis of one rights share for every four existing shares then held on 24 December 1999. The net proceeds from the rights issue of approximately HK\$68,000,000 were utilised as to approximately HK\$30,000,000 for additional working capital for construction projects on hand and as to approximately HK\$38,000,000 for further tenders of construction contracts and other investment opportunities.

24. SHARE CAPITAL (continued)

(c) During the year, the Company repurchased its own shares on the Stock Exchange as follows:

Month of repurchase	Number of ordinary shares repurchased	Repurchase price per share		Aggregate consideration paid
		Highest HK\$	Lowest HK\$	HK\$
October 2000	4,692,000	0.305	0.275	1,367,090
November 2000	<u>3,594,000</u>	0.320	0.290	<u>1,103,950</u>
	<u>8,286,000</u>			<u>2,471,040</u>

The shares were cancelled upon repurchase. The issued share capital of the Company was reduced by the nominal value of these shares and the premium of HK\$1,642,440 paid on the repurchases was charged to the share premium account (see note (27)).

All the new shares issued during the year rank pari passu in all respects with the then existing shares.

25. WARRANTS

	1999 Warrants with an adjusted exercise price of HK\$1.0		2001 Warrants (Note)	
	Number	Value HK\$	Number	Value HK\$
Balance at 1 April 1999	79,940,744	79,940,744	—	—
Exercised during the year	(8,250)	(8,250)	—	—
Lapsed during the year	(79,932,494)	(79,932,494)	—	—
Bonus issue of 2001 Warrants	—	—	106,589,313	63,953,588
Exercised during the year	—	—	(23,966)	(14,380)
Effect of adjustment to exercise price (Note)	—	—	3,674,667	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 March 2000	—	—	110,240,014	63,939,208
Exercised during the year	—	—	(413)	(240)
Lapsed during the year	—	—	(110,239,601)	(63,938,968)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 March 2001	—	—	—	—

Note:

In 2000, a bonus issue of warrants (the "2001 Warrants") conferring rights to subscribe in aggregate up to HK\$63,953,588 in cash for shares in the Company was made to the shareholders on the basis of one warrant for every five existing shares then held on 23 September 1999. Each of the 2001 Warrants entitles the holder to subscribe in cash for one share of HK\$0.1 each in the Company at an initial exercise price of HK\$0.6, subject to adjustments, at any time from the business day immediately following the date of issue up to and including 15 March 2001. On 25 December 1999, adjustment was made to the exercise price of the 2001 Warrants from HK\$0.6 per share to HK\$0.58 per share pursuant to the terms of the warrant instrument as a result of the rights issue as set out in note 24(b).

26. SHARE OPTION SCHEME

Pursuant to the Company's share option scheme adopted on 18 January 1993 (the "Scheme"), the Board of Directors of the Company may, at their discretion, grant options to any directors or employees of the Company or any of its subsidiaries to subscribe for shares in the Company at a price equal to the higher of the nominal value of a share and 80% of the average of the closing price of the Company's share on the Stock Exchange on the five trading days immediately preceding the date of grant of the options. The maximum number of shares in respect of which options may be granted under the Scheme may not exceed 10% of the issued share capital of the Company from time to time.

During the year, share options were granted under the Scheme to certain employees of the Company and its subsidiaries to subscribe for 6,934,000 shares in the Company. These share options are exercisable at any time between 17 April 2000 and 16 April 2001 at an exercise price of HK\$0.3912 per share. No share option was exercised during the year.

27. RESERVES

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
SHARE PREMIUM				
At beginning of the year	244,244,508	196,191,750	244,244,508	196,191,750
Capitalisation on bonus issue of shares	—	(5,329,466)	—	(5,329,466)
Rights issue of shares	—	55,695,193	—	55,695,193
Exercise of warrants	198	19,409	198	19,409
Expenses incurred in connection with the issue of shares	—	(2,332,378)	—	(2,332,378)
Repurchase of shares	(1,642,440)	—	(1,642,440)	—
Expenses incurred in connection with the repurchase of shares	(30,688)	—	(30,688)	—
At end of the year	242,571,578	244,244,508	242,571,578	244,244,508

27. RESERVES (continued)

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
SPECIAL RESERVE				
At beginning and end of the year	<u>(7,339,916)</u>	<u>(7,339,916)</u>	<u>—</u>	<u>—</u>
CONTRIBUTED SURPLUS				
At beginning and end of the year	<u>—</u>	<u>—</u>	<u>52,551,750</u>	<u>52,551,750</u>
CAPITAL RESERVE				
At beginning of the year	9,266,486	9,527,647	—	—
Goodwill arising on acquisition of subsidiaries	(965,575)	—	—	—
Goodwill arising on acquisition of additional interest in a subsidiary	<u>—</u>	<u>(261,161)</u>	<u>—</u>	<u>—</u>
At end of the year	<u>8,300,911</u>	<u>9,266,486</u>	<u>—</u>	<u>—</u>

27. RESERVES (continued)

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
TRANSLATION RESERVE				
At beginning of the year	506,773	508,521	—	—
Exchange differences arising on translation of financial statements denominated in currencies other than Hong Kong dollars	169,903	—	—	—
Realised upon disposal of a subsidiary	—	(1,748)	—	—
At end of the year	676,676	506,773	—	—
RETAINED PROFITS				
At beginning of the year	235,654,429	210,449,486	3,869,442	3,810,471
Profit attributable to shareholders	46,380,622	43,525,896	16,460,714	18,379,924
Dividends (note 9)	(16,302,279)	(18,320,953)	(16,302,279)	(18,320,953)
At end of the year	265,732,772	235,654,429	4,027,877	3,869,442
TOTAL RESERVES	509,942,021	482,332,280	299,151,205	300,665,700

Included in the retained profits of the Group as at 31 March 2001 is an amount attributable to jointly controlled entities of HK\$21,261,471 (2000: Nil).

27. RESERVES (continued)

In the opinion of the Directors, the Company's reserves available for distribution to the shareholders were as follows:

	2001 HK\$	2000 HK\$
Contributed surplus	52,551,750	52,551,750
Retained profits	<u>4,027,877</u>	<u>3,869,442</u>
	<u>56,579,627</u>	<u>56,421,192</u>

The special reserve of the Group represents the aggregate amount of the non-voting deferred share capital of Chun Wo Construction and Engineering Company Limited and the difference between the nominal amount of the share capital issued by the Company and the aggregate nominal amount of the share capital of the subsidiaries acquired pursuant to the group reorganisation in 1993.

The contributed surplus of the Company represents the difference between the consolidated shareholders' funds of Chun Wo Hong Kong Limited at the date on which the group reorganisation became effective and the nominal amount of the Company's shares issued under the reorganisation in 1993.

In addition to retained profits of the Company, under the Companies Act 1981 of Bermuda (as amended), contributed surplus is also available for distribution to shareholders. However, a company cannot declare or pay a dividend, or make a distribution out of contributed surplus if:

- (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

**28. RECONCILIATION OF PROFIT FROM ORDINARY
ACTIVITIES BEFORE TAXATION TO NET CASH INFLOW
FROM OPERATING ACTIVITIES**

	2001 HK\$	2000 HK\$
Profit from ordinary activities before taxation	53,816,370	51,457,075
Share of results of jointly controlled entities	(25,599,466)	—
Interest expenses	8,494,799	6,100,628
Interest income	(923,746)	(807,729)
Depreciation and amortisation	3,745,077	3,801,069
(Surplus) deficit on revaluation of investment properties	(2,500,000)	1,200,000
Loss (gain) on disposal of property, plant and equipment	263,613	(327,719)
Gain on disposal of a subsidiary	—	(1,748)
Loss (gain) on disposal of investments	86,429	(2,667,666)
Decrease (increase) in amounts due from (to) customers for contract work	46,933,863	(14,660,442)
Decrease (increase) in debtors, deposits and prepayments	181,346,826	(88,176,951)
(Increase) decrease in amount due from an associate	(524,000)	42,676,917
Increase in amounts due from jointly controlled entities	(58,473,901)	(10,929,095)
Decrease (increase) in creditors and accrued charges	(107,575,260)	99,982,192
Increase in amount due to a jointly controlled entity	8,886,720	—
Effect of foreign exchange rate changes	(42,890)	—
Net cash inflow from operating activities	<u>107,934,434</u>	<u>87,646,531</u>

29. ACQUISITION OF SUBSIDIARIES

	2001 HK\$	2000 HK\$
Net assets acquired		
Property, plant and equipment	11,244	—
Debtors, deposits and prepayments	200,544	—
Bank balances and cash	455,012	—
Creditors and accrued charges	(156,792)	—
Minority interests	(204,003)	—
	<u>306,005</u>	—
Goodwill arising on acquisition	965,575	—
	<u>1,271,580</u>	—
Satisfied by:		
Cash	<u>1,271,580</u>	—
Net cash outflow arising on acquisition:		
Cash paid	(1,271,580)	—
Bank balances and cash acquired	455,012	—
	<u>(816,568)</u>	—

The subsidiaries acquired during the year did not have any significant impact on the cash flow and the results of the Group.

30. DISPOSAL OF A SUBSIDIARY

	2001 HK\$	2000 HK\$
Net assets disposed of		
Debtors, deposits and prepayments	—	896,979
Bank balances and cash	—	85,761
Creditors and accrued charges	—	(5,074)
Minority interests	—	(977,666)
	<hr/>	<hr/>
	—	—
Translation reserve realised	—	1,748
Gain on disposal of a subsidiary	—	(1,748)
	<hr/>	<hr/>
	—	—
	<hr/>	<hr/>
Bank balances and cash disposed of	—	85,761
	<hr/>	<hr/>

The subsidiary disposed of in 2000 did not have any significant impact on the cash flow and the results of the Group.

31. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	2001 HK\$	2000 HK\$
SHARE CAPITAL AND PREMIUM		
At beginning of the year	317,527,656	249,485,582
Proceeds from issue of shares	240	70,374,452
Expenses incurred in connection with the issue of shares	—	(2,332,378)
Repurchase of shares	(2,471,040)	—
Expenses incurred in connection with the repurchase of shares	(30,688)	—
At end of the year	<u>315,026,168</u>	<u>317,527,656</u>
OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS		
At beginning of the year	60,055,721	48,972,818
Inception of finance leases and hire purchase contracts (note 33)	56,188,414	44,742,330
New obligations under finance leases and hire purchase contracts raised	8,985,190	—
Repayments during the year	(36,658,524)	(33,659,427)
At end of the year	<u>88,570,801</u>	<u>60,055,721</u>
BANK LOANS		
At beginning of the year	70,300,000	—
New loans raised	862,458,398	70,300,000
Repayments during the year	(53,300,000)	—
At end of the year	<u>879,458,398</u>	<u>70,300,000</u>
MORTGAGE LOANS		
At beginning of the year	29,726,169	36,688,990
Repayments during the year	(7,765,174)	(6,962,821)
At end of the year	<u>21,960,995</u>	<u>29,726,169</u>

32. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2001 HK\$	2000 HK\$
Bank balances and cash	141,543,415	97,270,639
Trust receipt loans	(75,559,323)	(74,906,820)
Bank overdrafts	—	(1,930,074)
	<u>65,984,092</u>	<u>20,433,745</u>

33. NON-CASH TRANSACTIONS

During the year, the Group entered into finance leases and hire purchase contracts in respect of property, plant and equipment with a total capital value at the inception of the leases and contracts of HK\$56,188,414 (2000: HK\$44,742,330).

34. RETIREMENT BENEFIT SCHEME

Prior to 1 December, 2000, the Group operated a defined contribution retirement benefit scheme ("Defined Contribution Scheme") for its eligible employees. The assets of the scheme were held separately from those of the Group in funds under the control of an independent trustee. Where there are employees who leave the scheme prior to vesting fully in the contributions, the amount of forfeited contributions would be used to reduce future contributions payable by the Group.

With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect of MPF Scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years.

34. RETIREMENT BENEFIT SCHEME (continued)

The retirement benefit scheme contributions arising from the Defined Contribution Scheme and the MPF Scheme charged to the income statement represent contributions payable to the funds by the Group at rates specified in the rules of the schemes.

During the year, the Group made retirement benefits scheme contributions of HK\$8,840,955 (2000: HK\$4,228,164) after forfeited contributions utilised in the Defined Contribution Scheme of HK\$2,824,860 (2000: HK\$1,460,075).

At the balance sheet date, the Group did not have any significant forfeited contributions which arose upon employees leaving the scheme and which are available to reduce the contributions payable by the Group in the future years.

35. LEASE COMMITMENTS

At the balance sheet date, the Group had commitments to make payments in the following year under non-cancellable operating leases as follow:

	THE GROUP	
	2001 HK\$	2000 HK\$
Land and buildings		
Operating leases which expire:		
Within one year	814,086	421,271
In the second to fifth year inclusive	1,620,217	1,593,312
	2,434,303	2,014,583
Plant and machinery		
Operating leases which expire:		
Within one year	—	133,074

The Company had no significant operating lease commitments at the balance sheet date.

36. CAPITAL COMMITMENTS

	THE GROUP	
	2001 HK\$	2000 HK\$
Capital expenditure relating to property, plant and equipment contracted for but not provided in the financial statements	3,364,000	8,720,560
Capital expenditure relating to remaining balance of land premium of a property under development contracted for but not provided in the financial statements	—	363,600,000
	3,364,000	372,320,560

In addition, at 31 March 2001, the Group had outstanding capital contribution to a subsidiary and an associate amounting to HK\$8,015,489 (2000: Nil) and HK\$8,017,035 (2000: Nil) respectively.

The Company did not have any significant capital commitments at the balance sheet date.

37. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Indemnities issued to financial institutions for performance bonds in respect of construction contracts undertaken by:				
– subsidiaries	455,432,000	246,067,000	414,932,000	201,022,000
– an associate	22,400,000	22,400,000	22,400,000	22,400,000
– jointly controlled entities	241,652,000	187,918,000	227,224,000	173,490,000
	719,484,000	456,385,000	664,556,000	396,912,000
Extent of guarantees issued to financial institutions to secure credit facilities granted to:				
– subsidiaries	—	—	2,602,298,000	463,964,000
– an associate	60,000,000	60,000,000	60,000,000	60,000,000
– a jointly controlled entity	30,000,000	30,000,000	—	—
	90,000,000	90,000,000	2,662,298,000	523,964,000

Note: At 31 March 2001, the Group was one of the co-borrowers to a financial institution for credit facilities of HK\$320,000,000 granted to a jointly controlled entity. According to the loan facilities letter, the Group was jointly and severally liable for the credit amount. The extent of such facilities utilised by the jointly controlled entity at 31 March 2001 amounted to HK\$98,390,000 (2000: HK\$126,340,000).

38. PLEDGE OF ASSETS

- At 31 March 2001, the Group's leasehold properties in Hong Kong and plant and machinery with carrying values of approximately HK\$42,473,000 (2000: HK\$43,729,000) and HK\$8,742,000 (2000: HK\$10,285,000) respectively and the benefits under a construction contract have been pledged to banks as securities for credit facilities granted to the Group.
- At 31 March 2001, the shares in an associate have been pledged to a bank as security and an amount of approximately HK\$77,851,000 (2000: HK\$77,851,000) due from the associate has been subordinated in favour of the bank to secure credit facilities granted to the associate.
- At 31 March 2001, all the Group's interest in the property under development in Hong Kong with carrying values of approximately HK\$803,408,000 (2000: HK\$Nil) has been pledged to certain banks as security for a syndicated bank loan amounting to HK\$2,075,000,000 granted to a subsidiary.

39. RELATED PARTY TRANSACTIONS

During the year, the Group had the following related party transactions:

	Notes	Associates		Jointly controlled entities	
		2001 HK\$	2000 HK\$	2001 HK\$	2000 HK\$
Transactions during the year:					
Contract revenue recognised	(a)	<u>9,280,000</u>	<u>214,400,456</u>	<u>262,517,633</u>	<u>123,875,972</u>
Project management fee received	(a)	<u>—</u>	<u>—</u>	<u>13,338,533</u>	<u>—</u>
Rental income received	(a)	<u>—</u>	<u>—</u>	<u>2,432,435</u>	<u>—</u>
Security guard services income received	(a)	<u>—</u>	<u>—</u>	<u>4,109,276</u>	<u>—</u>
Indemnities issued to financial institutions for performance bonds in respect of construction contracts undertaken by related parties		<u>22,400,000</u>	<u>22,400,000</u>	<u>241,652,000</u>	<u>187,918,000</u>
Extent of guarantees issued to financial institutions to secure credit facilities granted to related parties		<u>60,000,000</u>	<u>60,000,000</u>	<u>30,000,000</u>	<u>30,000,000</u>
Amounts due from related parties:					
Due from associates (note 15)	(b)	<u>83,154,549</u>	<u>77,851,366</u>	<u>—</u>	<u>—</u>
Trade balances shown under current assets	(c)	<u>9,524,000</u>	<u>9,000,000</u>	<u>90,552,518</u>	<u>32,078,617</u>
		<u>92,678,549</u>	<u>86,851,366</u>	<u>90,552,518</u>	<u>32,078,617</u>
Amount due to a related party:					
Trade balances shown under current liabilities	(c)	<u>—</u>	<u>—</u>	<u>8,886,720</u>	<u>—</u>

39. RELATED PARTY TRANSACTIONS (continued)

In addition to the above, the Group acts as one of the co-borrowers to a financial institution for credit facilities of HK\$320,000,000 granted to a jointly controlled entity as detailed in note 37.

Notes:

- (a) The pricing policy of contracts with related parties is consistent with the pricing of contracts with third parties.
- (b) The amount is unsecured, interest free and will not be repayable within the next twelve months.
- (c) The amounts are unsecured, interest free and are repayable on demand.

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 March 2001 are as follows:

Name of subsidiary	Place of incorporation or registration and operations	Nominal value of issued/ contributed capital	Percentage of issued/ contributed capital		Principal activities
			held by the Company/ subsidiaries %	attributable to the Group %	
Caine Developments Limited	Hong Kong	HK\$2 ordinary shares	100	100	Investment holding
Chun Wo Building Construction Limited	Hong Kong	HK\$200,000 ordinary shares	100	100	Construction
Chun Wo (China) Limited	Hong Kong	HK\$2 ordinary shares	100	100	Investment holding and construction
Chun Wo Construction and Engineering Company Limited (*CWCE*)	Hong Kong	HK\$2 ordinary shares	100	100	Construction
		HK\$9,000,000 non-voting deferred shares		(Note 1 below)	

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiary	Place of incorporation or registration and operations	Nominal value of issued/ contributed capital	Percentage of issued/ contributed capital		Principal activities
			held by the Company/ subsidiaries %	attributable to the Group %	
Chun Wo Contractors Limited	Hong Kong	HK\$2 ordinary shares	100	100	Construction
Chun Wo E & M Engineering Limited	Hong Kong	HK\$3,000,000 ordinary shares	100	100	Electrical and mechanical contract works
Chun Wo Elegant Decoration Engineering Company Limited	Hong Kong	HK\$2 ordinary shares	100	100	Interior design and decoration
Chun Wo Foundation Specialist Limited	Hong Kong	HK\$3,000,000 ordinary shares	100	100	Construction
Chun Wo Foundations Limited	Hong Kong	HK\$9,000,000 ordinary shares	100	100	Construction
City Security Company Limited	Hong Kong	HK\$1,000,000 ordinary shares	100	100	Security guard services
Guangzhou Wah Chun Construction and Engineering Company Limited (*Guangzhou Wah Chun*)	People's Republic of China	Rmb13,750,000 registered capital		(Note 2 below)	Construction
Kamlight Construction Company Limited	Hong Kong	HK\$8,000,000 ordinary shares	100	100	Securities investment
Rich Score Development Limited	Hong Kong	HK\$2 ordinary shares	100	100	Property development
Shanghai Jin Chun Wo Construction Engineering Co., Ltd.	People's Republic of China	US\$1,800,000 registered capital	99	99	Construction

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Notes:

1. The non-voting deferred shares, which are not held by the Group, practically carry no rights to dividends or to receive notice of or to attend or vote at any general meeting of CWCE or to participate in any distribution on winding up. Chun Wo Hong Kong Limited, a subsidiary of the Company, has been granted an option by the holders of the non-voting deferred shares to acquire these shares at a nominal amount.
2. Pursuant to an agreement with the joint venture partner of Guangzhou Wah Chun, the Group is responsible for contributing all of the equity capital totalling Rmb13,750,000 to Guangzhou Wah Chun. The Group is only entitled to 60% of the results of the subsidiary.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

41. PARTICULARS OF ASSOCIATES

Particulars of the Group's associates as at 31 March 2001 are as follows:

Name of associate	Place of incorporation and operations	Nominal value of issued capital	Percentage of issued capital held by the Group %	Principal activities
Grand View Properties Limited	Hong Kong	HK\$10 ordinary shares	40	Property development
北京俊財網網絡科技有限公司 (Treasure Web Technology Company Limited)	People's Republic of China	Rmb10,000,000 registered capital	49	Information technology development and services

42. PARTICULARS OF JOINTLY CONTROLLED ENTITIES

Particulars of the Group's jointly controlled entities as at 31 March 2001 are as follows:

Name of jointly controlled entity	Form of business structure	Place of registration/operation	Attributable interest to the Group %	Principal activities
Chun Wo – CCECC Joint Venture	Unincorporated	Hong Kong	50	Construction
Maeda – Chun Wo Joint Venture	Unincorporated	Hong Kong	30	Construction
Dumez GTM – Chun Wo Joint Venture	Unincorporated	Hong Kong	25	Construction
Maeda – Chun Wo Joint Venture (Viaducts)	Unincorporated	Hong Kong	45	Construction
Chun Wo – Fujita – Henryvicy Joint Venture	Unincorporated	Hong Kong	50	Construction
Chun Wo – Henryvicy – China Railway Construction Corporation – Queensland Rail Joint Venture	Unincorporated	Hong Kong	45	Construction

Note: No capital has been contributed by the joint venture partners of all the above jointly controlled entities.