

1. GENERAL

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

In October 2002, ITC Corporation Limited ("ITC"), a former substantial shareholder of the Company, through a wholly-owned subsidiary, made a voluntary cash offer to acquire all the issued shares in, and warrants of, the Company other than those already held by ITC and its subsidiaries. The voluntary cash offer was closed in December 2002 and ITC's beneficial interest in the Company increased to more than 50%. Details of the transaction are disclosed in a circular dated 6th December, 2002. Accordingly, ITC, an exempted company incorporated in Bermuda with its shares listed on the Hong Kong Stock Exchange, has become the ultimate holding company of the Company.

The Company is an investment holding company and the activities of its principal subsidiaries, associates and jointly controlled entities are set out in note 45.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, the following new and revised Statements of Standard Accounting Practice ("SSAPs") issued by the Hong Kong Society of Accountants:

SSAP 1 (Revised)	Presentation of financial statements
SSAP 11 (Revised)	Foreign currency translation
SSAP 15 (Revised)	Cash flow statements
SSAP 33	Discontinuing operations
SSAP 34	Employee benefits

The adoption of these SSAPs has resulted in change in the format of presentation of the cash flow statement and the introduction of the statement of changes in equity, and in the adoption of the new and revised accounting policies, but has had no material effect on the results for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

Presentation of financial statements

In accordance with SSAP 1 (Revised), the consolidated statement of recognised gains and losses is replaced by the consolidated statement of changes in equity.

Foreign currency translation

The revisions to SSAP 11 have eliminated the choice of translating the income statements of overseas operations at the closing rate for the period, the policy previously followed by the Group. They are now required to be translated at an average rate. SSAP 11 (Revised) is required to be applied retrospectively. The Group has adopted the transitional provision of this SSAP that where the calculation of a prior period adjustment is impractical, these changes in policy are applied only to current and future financial statements and the effect on the results for the current year is not significant.

Cash flow statements

Under SSAP 15 (Revised), cash flows are classified under three headings – operating, investing and financing, rather than the previous five headings. Interest paid and received are classified as financing and investing cash flows, respectively. Dividends paid and received are classified as financing and operating cash flows, respectively. Comparative amounts have been reclassified in order to achieve a consistent presentation.

2. ADOPTION OF STATEMENTS OF STANDARD ACCOUNTING PRACTICE (Continued)

Discontinuing operations

Under SSAP 33, financial information relating to the discontinuing operation are disclosed separately from the point at which either a binding sale agreement is entered into or a detailed plan for the discontinuance is announced. The adoption of SSAP 33 has resulted in the identification of the Group's hotel and catering activities as discontinuing operations in the current year, details of which are disclosed in note 5.

Employee benefits

SSAP 34 has introduced measurement rules and disclosure requirements for employee benefits, including retirement benefit plans. Because the Group participates only in defined contribution retirement benefit schemes, the adoption of SSAP 34 has not had any impact on the financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of investment properties and investments in securities, and 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 31st March each year.

The results of subsidiaries, associates and jointly controlled entities acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

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 values at the balance sheet date. No depreciation is provided on investment properties except where the unexpired term of the relevant lease, including the renewable period, is twenty years or less.

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 of 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 of the investment property revaluation reserve attributable to that property is transferred to the income statement.

Property, plant and equipment

Property, plant and equipment, other than hotel properties, are stated at cost less depreciation, amortisation and any identified impairment loss.

Hotel properties are stated at cost and no depreciation is provided on hotel properties held on leases of more than twenty years. It is the Group's practice to maintain the properties in a continual state of sound repairs and maintenance and, accordingly, the directors consider that depreciation is not necessary due to their high residual value. The related maintenance expenditure is dealt with in the income statement in the year of expenditure.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Property, plant and equipment (Continued)**

The cost of leasehold land is amortised over the remaining period of the relevant leases using the straight line method.

The cost of buildings is depreciated over the remaining period of the relevant leases or fifty years, whichever is shorter, using the straight line method.

Depreciation is provided to write off the cost of other assets over their estimated useful lives, using the straight line method, at rates ranging from 10% to 33 $\frac{1}{3}$ % per annum.

The gain or loss arising from 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.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary or associate at the date of acquisition.

Goodwill is capitalised and amortised on a straight line basis over its useful economic life. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of a subsidiary is presented separately in the balance sheet.

On disposal of a subsidiary or associate, the attributable amount of unamortised goodwill is included in the determination of the profit or loss on disposal.

Properties held for resale

Completed properties held for resale are classified under current assets and are stated at the lower of cost and net realisable value. Cost comprises the acquisition cost, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is determined by reference to management estimates of the selling price based on prevailing market conditions, less all estimated costs to be incurred in marketing and selling.

Investments in subsidiaries

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

Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates plus the premium on acquisition in so far as it has not already been written off or amortised, less any identified impairment loss.

Interests in jointly controlled entities

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.

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 relevant jointly controlled entities, less any identified impairment loss. The Group's share of the post-acquisition results of jointly controlled entities is included in the consolidated income statement.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so far as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

Investments other than held-to-maturity debt securities are classified as investment securities or other investments.

Investment securities, which are securities held for an identified long term strategic purpose, are measured at subsequent reporting dates at cost, as reduced by any impairment loss.

Other investments are measured at fair value, with unrealised gains and losses included in net profit or loss for the year.

Other long term investments

Other long term investments are stated at cost, less any identified impairment loss.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the balance sheet date on the same basis as contract revenue. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as expenses in the period in which they are incurred. Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profit less recognised loss exceed progress billings, the excess is shown as amount due from a customer for contract work. Where progress billings exceed contract costs incurred to date plus recognised profit less recognised loss, the excess is shown as amount due to a customer for contract work.

Operating lease

Rentals payable under operating leases are charged to the income statement on a straight line basis over the terms of the relevant leases.

Turnover

Turnover represents the total value of contract work certified and the gross proceeds received and receivable from project management services in connection with contract work rendered by the Group, revenue generated from hotel operations, property rental and related income, and gross proceeds received and receivable from sale of property during the year.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)**Revenue recognition**

Revenue from a fixed price construction contract is recognised on the percentage of completion method, measured by reference to the value of work certified during the year.

Revenue from hotel operations is recognised when services are rendered.

Dividend income from investments is recognised when the Group's right to receive payment has been established.

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

Rental income under operating leases is recognised on a straight line basis over the terms of the relevant leases.

Capitalisation of 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.

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

Taxation

The charge for taxation is based on the results for the year after adjusting for items which are non-assessable or disallowed. Timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the financial statements. The tax effect of 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 an asset will crystallise in the foreseeable future.

Foreign currencies

Transactions in currencies other than Hong Kong dollars are translated at the rates ruling on the dates of the transactions. Monetary assets and liabilities denominated in currencies other than Hong Kong dollars are re-translated 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 assets and liabilities of the Group's operations outside Hong Kong are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or expenses in the period in which the operation is disposed of.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the Group's operations are currently organised into seven operating divisions namely building construction, civil engineering, specialist works, construction materials, engineering and infrastructure services, property leasing and sale of property. These divisions are the basis on which the Group reports its primary segment information. During the year, the Group discontinued its hotel and catering operations at the time of disposal of certain subsidiaries as detailed in note 5.

In the opinion of the directors, the inclusion of the proportionate share of turnover of the associates and jointly controlled entities is meaningful in providing a clearer indication of the Group's activity.

Business segment information for the year ended 31st March, 2003 is presented below:

	Continuing operations						Discontinuing operations		Eliminations	Consolidated
	Building construction	Civil engineering	Specialist works	Construction materials	Engineering and infrastructure services	Property leasing	Sale of property	Hotel and catering		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
TURNOVER										
External sales	2,232,876	555,794	720,304	14,488	-	55,733	8,340	48,647	-	3,636,182
Inter-segment sales	47,016	127	103,722	45,472	-	19,846	-	-	(216,183)	-
	2,279,892	555,921	824,026	59,960	-	75,579	8,340	48,647	(216,183)	3,636,182
Share of associates and jointly controlled entities	50,816	109,900	-	3,501	3,801,765	-	-	-	-	3,965,982
Total	2,330,708	665,821	824,026	63,461	3,801,765	75,579	8,340	48,647	(216,183)	7,602,164
RESULT										
Segment result	(40,625)	(56,092)	(55,264)	(21,324)	-	25,749	209	(1,972)		(149,319)
Impairment loss on property, plant and equipment										(110,327)
Finance costs										(25,794)
Net investment expenses										(32,036)
Deficit arising on revaluation of investment properties	-	-	-	-	-	(99,392)	-	-		(99,392)
Allowance for amounts due from associates										(13,964)
Loss on dilution of interest in an associate										(4,665)
Share of results of associates	2,404	(17)	-	306	121,836	-	-	-		124,529
Share of results of jointly controlled entities	-	5,920	-	-	-	-	-	-		5,920
Impairment loss on interest in an associate										(11,670)
Loss before taxation										(316,718)
Taxation										(32,496)
Loss before minority interests										(349,214)
Minority interests										498
Loss for the year										(348,716)

Inter-segment sales are charged at market price or, where no market price was available, at terms determined and agreed by both parties.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

	Continuing operations							Discontinuing operations		Consolidated HK\$'000
	Building construction HK\$'000	Civil engineering HK\$'000	Specialist works HK\$'000	Construction materials HK\$'000	Engineering and infrastructure services HK\$'000	Property leasing HK\$'000	Sale of property HK\$'000	Hotel and catering HK\$'000	Others HK\$'000	
BALANCE SHEET										
ASSETS										
Segment assets	1,069,212	368,008	193,942	96,168	-	619,005	-	-	-	2,346,335
Interests in associates	43,231	293	-	3,093	906,634	-	-	-	-	953,251
Interests in jointly controlled entities	-	8,743	-	-	-	-	-	-	-	8,743
Unallocated corporate assets										1,560,662
Total assets										4,868,991
LIABILITIES										
Segment liabilities	871,883	298,347	95,744	47,353	-	22,770	-	-	-	1,336,097
Unallocated corporate liabilities										805,733
Total liabilities										2,141,830
OTHER INFORMATION										
Capital additions	1,866	1,855	3,388	15,895	-	4,734	-	383	490	28,611
Amortisation of goodwill	2,306	-	-	-	-	-	-	-	-	2,306
Depreciation and amortisation of property, plant and equipment	16,708	6,473	22,179	7,479	-	10,819	-	9,366	5,977	79,001
Impairment loss on unlisted other investments	-	-	-	-	-	-	-	-	7,463	7,463
Impairment loss on listed investment securities	-	-	-	-	-	-	-	-	11,376	11,376

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Business segment information for the year ended 31st March, 2002 is presented below:

	Continuing operations							Discontinuing operations		Consolidated HK\$'000	
	Building construction HK\$'000	Civil engineering HK\$'000	Specialist works HK\$'000	Construction materials HK\$'000	Engineering and infrastructure services HK\$'000		Property leasing HK\$'000	Sale of property HK\$'000	Hotel and catering HK\$'000		Eliminations HK\$'000
TURNOVER											
External sales	3,116,878	1,329,728	586,850	25,389	-	49,030	167,372	68,563	-	5,343,810	
Inter-segment sales	49,240	1,564	67,173	45,765	-	23,679	-	-	(187,421)	-	
	3,166,118	1,331,292	654,023	71,154	-	72,709	167,372	68,563	(187,421)	5,343,810	
Share of associates and jointly controlled entities	55,862	341,737	-	3,862	3,064,498	-	-	-	-	3,465,959	
Total	3,221,980	1,673,029	654,023	75,016	3,064,498	72,709	167,372	68,563	(187,421)	8,809,769	
RESULT											
Segment result	7,756	19,210	(25,079)	(20,394)	-	21,994	28,308	(13,607)		18,188	
Finance costs										(38,301)	
Net investment income										70,714	
Deficit arising on revaluation of investment properties	-	-	-	-	-	(31,130)	-	-		(31,130)	
Loss on dilution of interest in an associate										(6,688)	
Share of results of associates	3,368	694	-	1,509	110,000	-	-	-		115,571	
Share of results of jointly controlled entities	-	8,559	-	-	-	-	-	-		8,559	
Impairment loss on interest in an associate										(11,670)	
Profit before taxation										125,243	
Taxation										(47,935)	
Profit before minority interests										77,308	
Minority interests										(6,605)	
Profit for the year										70,703	

Inter-segment sales are charged at market price or, where no market price was available, at terms determined and agreed by both parties.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

	Continuing operations							Discontinuing operations		Consolidated HK\$'000	
	Building construction HK\$'000	Civil engineering HK\$'000	Specialist works HK\$'000	Construction materials HK\$'000	Engineering and infrastructure services HK\$'000		Property leasing HK\$'000	Sale of property HK\$'000	Hotel and catering HK\$'000		Others HK\$'000
BALANCE SHEET											
ASSETS											
Segment assets	1,494,521	707,593	354,230	78,857	-	717,670	9,874	675,450	-	4,038,195	
Interests in associates	58,043	1,526	-	3,519	773,794	-	-	-	11,670	848,552	
Interests in jointly controlled entities	-	7,823	-	-	-	-	-	-	-	7,823	
Unallocated corporate assets										1,298,429	
Total assets										6,192,999	
LIABILITIES											
Segment liabilities	960,621	628,893	182,572	26,993	-	13,024	9,231	9,552	-	1,830,886	
Unallocated corporate liabilities										1,351,419	
Total liabilities										3,182,305	

OTHER INFORMATION

Capital additions	1,941	1,289	1,930	8,745	-	38,118	-	14,163	2,962	69,148
Amortisation of goodwill	2,305	-	-	-	-	-	-	-	-	2,305
Depreciation and amortisation of property, plant and equipment	18,314	7,195	22,383	5,812	-	8,633	-	14,602	6,092	83,031
Write back of impairment losses of property interests	-	-	-	-	-	8,829	-	45,000	-	53,829
Impairment loss on unlisted investment securities	-	-	-	-	-	-	-	-	1,000	1,000
Impairment loss on listed investment securities	-	-	-	-	-	-	-	-	1,462	1,462

Geographical segments

The Group's operations are located in the People's Republic of China other than Hong Kong (the "PRC") and Hong Kong.

The following table provides an analysis of the Group's turnover by geographical market, irrespective of the origin of the goods/services:

	Turnover	
	2003 HK\$'000	2002 HK\$'000
Hong Kong	3,609,919	5,262,554
PRC	26,263	81,256
	3,636,182	5,343,810

During the year, revenue from the Group's discontinuing operations was derived principally from Hong Kong of HK\$48,647,000 (2002: HK\$64,918,000).

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

The following is an analysis of the carrying amount of segment assets and capital additions, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Capital additions	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Hong Kong	3,822,000	5,225,775	13,416	24,907
PRC	114,510	134,551	15,195	44,241
Pacific region and South East Asia	932,481	832,673	-	-
	4,868,991	6,192,999	28,611	69,148

5. DISCONTINUING OPERATIONS

In July 2002, the Group entered into a conditional sale and purchase agreement to dispose of the entire issued share capital of, and shareholder's loan to, Rosedale Hotel Group Limited (together with its subsidiaries, "Rosedale Hotel Group BVI"), which is engaged in the business of hotel and catering, for a cash consideration of HK\$250,000,000. The transaction was completed on 2nd December, 2002.

The results of the hotel and catering operations for the period from 1st April, 2002 to 30th November, 2002, which have been included in the consolidated financial statements, were as follows:

	1.4.2002 to 30.11.2002 HK\$'000	1.4.2001 to 31.3.2002 HK\$'000
Turnover	48,647	64,918
Operating costs	(50,619)	(74,820)
Write back of impairment loss on hotel property	-	45,000
Finance costs	(10,151)	(17,644)
(Loss) profit before taxation	(12,123)	17,454
Taxation	-	-
(Loss) profit for the period/year	(12,123)	17,454

During the year, Rosedale Hotel Group BVI contributed approximately HK\$3,796,000 (2002: used approximately HK\$1,544,000) to the Group's net operating cash flows, paid approximately HK\$355,000 (2002: HK\$75,260,000) and approximately HK\$7,652,000 (2002: generated approximately HK\$382,356,000) in respect of investing and financing activities, respectively.

The carrying amounts of the assets and liabilities of Rosedale Hotel Group BVI at the date of disposal, and at 31st March, 2002, are disclosed in note 36.

A loss of approximately HK\$1,701,000 arose on the disposal of Rosedale Hotel Group BVI, being the proceeds of disposal less the carrying amount of the subsidiaries' net assets. No tax charge or credit arose from the transaction.

6. (LOSS) PROFIT FROM OPERATIONS

	2003 HK\$'000	2002 HK\$'000
(Loss) profit from operations has been arrived at after charging:		
Amortisation of goodwill (included in administrative expenses)	2,306	2,305
Auditors' remuneration	2,065	2,138
Depreciation and amortisation of property, plant and equipment (<i>note (a) below</i>)	78,095	78,932
Loss on disposal of property, plant and equipment	4,475	8,768
Minimum lease payments under operating leases in respect of:		
Premises	3,206	5,788
Plant and machinery	692	9,206
Staff costs (<i>note (b) below</i>)	134,503	137,284
and after crediting:		
Rental income under operating leases in respect of:		
Premises, net of outgoings of HK\$19,691,000 (2002: HK\$13,437,000)	27,625	23,925
Plant and machinery	2,596	1,454

Notes:

	2003 HK\$'000	2002 HK\$'000
(a) Depreciation and amortisation of property, plant and equipment:		
Owned assets	79,001	76,321
Assets held under finance leases	-	6,710
	79,001	83,031
Less: Amount capitalised in respect of contracts in progress	(906)	(4,099)
	78,095	78,932
(b) Staff costs:		
Directors' emoluments (<i>note 9</i>):		
Fees	73	90
Retirement benefit scheme contributions	1,217	882
Other emoluments	14,732	19,705
	16,022	20,677
Other staff costs:		
Salaries and other benefits	417,730	473,714
Retirement benefit scheme contributions, net of forfeited contributions of approximately HK\$10,197,000 (2002: HK\$6,203,000)	5,590	9,947
	439,342	504,338
Less: Amount capitalised in respect of contracts in progress	(304,839)	(367,054)
	134,503	137,284

7. FINANCE COSTS

	2003 HK\$'000	2002 HK\$'000
Borrowing costs on:		
Bank borrowings wholly repayable within five years	17,215	26,703
Bank borrowings not wholly repayable within five years	10,892	15,793
Convertible notes	-	1,275
Obligations under finance leases	-	265
Others	515	3,273
	28,622	47,309
Less: Amount capitalised in respect of contracts in progress	(2,828)	(9,008)
	25,794	38,301

8. INVESTMENT (EXPENSES) INCOME – NET

	2003 HK\$'000	2002 HK\$'000
Gain (loss) on disposal of:		
Unlisted short term investments	-	(22,000)
Listed investment securities	1,605	-
Listed other investments	-	4,795
Impairment loss on:		
Unlisted investment securities	-	(1,000)
Listed investment securities	(11,376)	(1,462)
Unlisted other investments	(7,463)	-
Interest income	9,550	38,312
Net unrealised holding loss on listed other investments	(24,352)	(1,760)
Write back of impairment losses on:		
Hotel properties	-	45,000
Properties under development held for resale	-	8,829
	(32,036)	70,714

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Particulars of the emoluments of the directors and five highest paid individuals for the year are as follows:

(a) Directors' emoluments

	2003 HK\$'000	2002 HK\$'000
Fees:		
Executive directors	53	43
Non-executive directors	20	47
	73	90
Other emoluments:		
Executive directors		
Salaries and other benefits	13,865	18,705
Retirement benefit scheme contributions	1,217	882
Non-executive directors		
Salaries and other benefits	867	1,000
	15,949	20,587
	16,022	20,677

The amounts disclosed above include directors' fee of HK\$20,000 (2002: HK\$20,000) and other emoluments of HK\$867,000 (2002: HK\$1,000,000) paid to independent non-executive directors.

The emoluments of the directors were within the following bands:

	Number of directors	
	2003	2002
Nil to HK\$1,000,000	6	7
HK\$3,000,001 to HK\$3,500,000	2	-
HK\$3,500,001 to HK\$4,000,000	1	-
HK\$4,000,001 to HK\$4,500,000	1	1
HK\$4,500,001 to HK\$5,000,000	-	2
HK\$6,000,001 to HK\$6,500,000	-	1

(b) Employees' emoluments

The five highest paid individuals in the Group for the year included five directors as at 31st March, 2003 (2002: four), of whom one was appointed as director during the year. Particulars of the emoluments of these five highest paid individuals are as follows:

	2003 HK\$'000	2002 HK\$'000
Fees	41	40
Salaries and other benefits	15,325	20,206
Discretionary bonus	2,080	927
Retirement benefit scheme contributions	1,246	997
	18,692	22,170

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments (Continued)

Their emoluments were within the following bands:

	Number of employees	
	2003	2002
HK\$2,500,001 to HK\$3,000,000	-	1
HK\$3,000,001 to HK\$3,500,000	2	-
HK\$3,500,001 to HK\$4,000,000	1	-
HK\$4,000,001 to HK\$4,500,000	2	1
HK\$4,500,001 to HK\$5,000,000	-	2
HK\$6,000,001 to HK\$6,500,000	-	1

During the year, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors has waived any emoluments during the year.

10. TAXATION

	2003 HK\$'000	2002 HK\$'000
The charge comprises:		
Hong Kong Profits Tax:		
Current year	42	7,721
Under(over)provision in previous years	22,471	(638)
Overseas taxation	22,513	7,083
Share of tax on results of associates	5,453	4,390
Share of tax on results of jointly controlled entities	36,484	42,924
	-	12
Deferred taxation	64,450 (31,954)	54,409 (6,474)
	32,496	47,935

Hong Kong Profits Tax is calculated at the rate of 16% (2002: 16%) of the estimated assessable profits derived from Hong Kong for the year.

Overseas taxation is calculated at the rates prevailing in the respective jurisdictions.

Details of deferred taxation are set out in note 30.

11. DIVIDENDS

	2003 HK\$'000	2002 HK\$'000
Interim dividend paid for 2003 – 1.0 cent (2002: 1.0 cent) per share	10,491	10,246
Final dividend proposed for 2003 – 1.0 cent (2002: 1.0 cent) per share	10,630	10,367
	21,121	20,613

Of the dividends paid during the year, approximately HK\$2,301,000 and HK\$3,423,000 (2002: HK\$5,674,000 and HK\$3,034,000) were settled in shares under the Company's scrip dividend schemes announced by the directors of the Company on 18th July, 2002 and 18th December, 2002, respectively, and were credited to the accumulated profits during the year.

The amount of the final dividend proposed for the year ended 31st March, 2003, which will be in scrip form with a cash option, has been calculated by reference to the 1,063,016,037 issued shares as at the date of this report.

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12. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share for the year is based on the following data:

	2003 HK\$'000	2002 HK\$'000
(Loss) earnings:		
(Loss) earnings for the purposes of basic (loss) earnings per share	(348,716)	70,703
Effect of dilutive potential ordinary shares:		
Adjustment to the share of results of an associate based on dilution of its earnings per share	(2,944)	(2,892)
(Loss) earnings for the purposes of diluted (loss) earnings per share	(351,660)	67,811
Number of shares:		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss) earnings per share	1,042,310,331	1,002,323,116

For the year ended 31st March, 2003, the computation of diluted loss per share has not assumed the conversion of the Company's share options and warrants since their exercise prices are higher than the average market price per share for the year.

For the year ended 31st March, 2002, the computation of diluted earnings per share has not assumed the conversion of the Company's share options, warrants and secured convertible redeemable note since their exercise prices were higher than the average market price per share for that year.

13. INVESTMENT PROPERTIES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
VALUATION		
Balance brought forward	675,900	585,130
Transfer from properties under development held for resale	-	85,000
Other addition	-	36,900
Disposals	(3,900)	-
Deficit arising on revaluation	(99,392)	(31,130)
Balance carried forward	572,608	675,900

The Group's investment properties are held for rental purposes under operating leases.

The investment properties situated in Hong Kong were revalued on 31st March, 2003, on an open market value basis, by RHL Appraisal Ltd., an independent professional valuer. The valuation attributable to these investment properties amounted to HK\$529,000,000. The investment properties situated in the PRC were revalued on 31st March, 2003 by the directors at HK\$43,608,000 with reference to the value as quoted in a sale and purchase agreement entered into by the Group in April 2003. The aggregate deficit arising on revaluation amounting to HK\$99,392,000 (2002: HK\$31,130,000) has been charged to the income statement.

13. INVESTMENT PROPERTIES (Continued)

The carrying amount of investment properties held by the Group at the balance sheet date comprises the following:

	2003 HK\$'000	2002 HK\$'000
Long term leasehold properties in:		
Hong Kong	74,000	85,000
PRC	-	3,900
Medium term leasehold properties in:		
Hong Kong	455,000	525,000
PRC	43,608	62,000
	572,608	675,900

14. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties HK\$'000	Land and buildings HK\$'000	Plant and machinery HK\$'000	Motor vehicles and yachts HK\$'000	Furniture and fixtures HK\$'000	Total HK\$'000
THE GROUP						
COST						
At 1st April, 2002	605,000	277,441	465,936	61,854	188,412	1,598,643
On acquisition of subsidiaries	-	103,000	-	-	-	103,000
Other additions	-	700	7,583	453	19,875	28,611
Disposals	-	-	(33,207)	(4,442)	(1,210)	(38,859)
On disposal of subsidiaries	(605,000)	-	-	(302)	(67,316)	(672,618)
Impairment loss	-	(110,327)	-	-	-	(110,327)
At 31st March, 2003	-	270,814	440,312	57,563	139,761	908,450
DEPRECIATION AND AMORTISATION						
At 1st April, 2002	-	29,070	285,341	34,069	69,548	418,028
Provided for the year	-	7,133	42,365	5,789	23,714	79,001
Eliminated on disposals	-	-	(17,576)	(2,842)	(1,058)	(21,476)
On disposal of subsidiaries	-	-	-	(100)	(25,159)	(25,259)
At 31st March, 2003	-	36,203	310,130	36,916	67,045	450,294
NET BOOK VALUES						
At 31st March, 2003	-	234,611	130,182	20,647	72,716	458,156
At 31st March, 2002	605,000	248,371	180,595	27,785	118,864	1,180,615

The net book value of hotel properties and land and buildings held by the Group at the balance sheet date comprises the following:

	2003 HK\$'000	2002 HK\$'000
Long term leasehold properties in:		
Hong Kong	-	605,000
PRC	1,646	1,680
Medium term leasehold properties in:		
Hong Kong	232,361	246,068
PRC	604	623
	234,611	853,371

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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31st March, 2003, the directors reviewed the carrying value of the Group's properties and identified that the recoverable amount of the properties, estimated by reference to the cash flows from the properties discounted at the prevailing interest rates, is below their carrying values. Accordingly, an impairment loss of approximately HK\$110,327,000 was recognised in the consolidated income statement for the year.

15. GOODWILL

	THE GROUP
	HK\$'000
COST	
At 1st April, 2002 and 31st March, 2003	385,531
AMORTISATION AND IMPAIRMENT	
At 1st April, 2002	367,089
Provided for the year	2,306
At 31st March, 2003	369,395
NET BOOK VALUE	
At 31st March, 2003	16,136
At 31st March, 2002	18,442

The amortisation period adopted for goodwill is 20 years.

16. INTERESTS IN SUBSIDIARIES

	THE COMPANY	
	2003	2002
	HK\$'000	HK\$'000
Unlisted shares	212,921	212,921
Loans to subsidiaries	160,900	160,900
Amounts due from subsidiaries	3,566,811	3,587,249
	3,940,632	3,961,070
Less: Impairment loss recognised	(704,302)	(457,468)
	3,236,330	3,503,602

The unlisted shares are stated at their carrying values which are based on the book values of the underlying net assets of the subsidiaries attributable to the Group as at the date on which the Company became the holding company of the Group under a group reorganisation in 1993.

In the opinion of the directors, the loans to subsidiaries and amounts due from subsidiaries will not be repayable within twelve months from the balance sheet date and are therefore shown as non-current.

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

Particulars of the Company's principal subsidiaries at 31st March, 2003 are set out in note 45.

16. INTERESTS IN SUBSIDIARIES (Continued)

At 31st March, 2003, the directors reviewed the carrying value of the Company's interests in subsidiaries and identified that certain loss making subsidiaries are not expected to generate income from their future operations. Accordingly, impairment losses of approximately HK\$246,834,000 (2002: HK\$457,468,000), which represent the excess of carrying value of the interests in subsidiaries over their recoverable amounts estimated by reference to the net selling prices of the underlying assets and liabilities of the subsidiaries, were recognised in the income statement for the year.

17. INTERESTS IN ASSOCIATES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Share of net assets:		
Listed investments overseas (note (a) below)	649,099	495,691
Unlisted investments	(2,986)	10,723
Premium on acquisition of associates (note (b) below)	257,535	278,103
	903,648	784,517
Amount due from an associate (note (c) below)	49,603	64,035
	953,251	848,552
Market value of listed investments	935,290	1,300,600

Notes:

- (a) Downer EDI Limited ("Downer"), which was formerly a subsidiary of the Company, became the Group's principal associate since February 2001. Downer is a company listed in Australia and New Zealand and its financial year end date is 30th June. Commencing on 1st April, 2001, only published financial information of Downer will be available and used by the Group in applying the equity method. Accordingly, the Group's share of interest in Downer at 31st March, 2003 is calculated based on the net assets of Downer at 31st December, 2002 and the results from 1st January, 2002 to 31st December, 2002 whilst the Group's share of interest in Downer at 31st March, 2002 was calculated based on the net assets of Downer at 31st December, 2001 and the results from 1st April, 2001 to 31st December, 2001.

The following details have been extracted from the published financial information of Downer, the Group's significant associate:

	1.1.2002 to 31.12.2002 HK\$'000	1.4.2001 to 31.12.2001 HK\$'000
Results for the year/period:		
Revenue from ordinary activities	10,322,467	5,145,763
Profit from ordinary activities before taxation	348,302	129,025
Profit from ordinary activities after taxation	249,036	84,285
Financial position:		
Non-current assets	4,141,241	3,789,308
Current assets	4,249,336	3,300,160
Current liabilities	(2,392,544)	(1,860,501)
Non-current liabilities	(2,506,737)	(2,393,676)
Preference share capital	(285,987)	(251,613)

17. INTERESTS IN ASSOCIATES (Continued)

Notes: (Continued)

(b) Movement of premium on acquisition of associates is analysed as follows:

	THE GROUP
	HK\$'000
COST	
At 1st April, 2002	340,969
Additions	15,009
Eliminated on dilution of interest	(14,734)
At 31st March, 2003	341,244
AMORTISATION	
At 1st April, 2002	62,866
Provided for the year	23,709
Eliminated on dilution of interest	(2,866)
At 31st March, 2003	83,709
NET BOOK VALUE	
At 31st March, 2003	257,535
At 31st March, 2002	278,103

The amortisation period adopted for goodwill is 20 years.

(c) The amount due from an associate is unsecured and bears interest at 1% (2002: 1%) over Hong Kong prime rate. In the opinion of the directors, the amount will not be repayable within twelve months from the balance sheet date and is therefore shown as non-current.

Particulars of the Group's principal associates at 31st March, 2003 are set out in note 45.

The Group's share of losses of an associate amounting to approximately HK\$123,711,000 (2002: HK\$123,735,000) has not been accounted for by the Group as those losses arise on a contract are recoverable in full under guarantees provided by an ex-shareholder of the associate. The Group proceeded a court action against the ex-shareholder to recover the losses together with interest and other expenses incurred. The directors, having taken legal advice, believe that the suit is valid and the losses can be fully recovered from the ex-shareholder.

18. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	THE GROUP	
	2003	2002
	HK\$'000	HK\$'000
Share of net assets	3,743	2,823
Amount due from a jointly controlled entity	5,000	5,000
	8,743	7,823

The amount due from a jointly controlled entity is unsecured and interest free. In the opinion of the directors, the amount will not be repayable within twelve months from the balance sheet date and is therefore shown as non-current.

Particulars of the Group's jointly controlled entities at 31st March, 2003 are set out in note 45.

19. INVESTMENTS IN SECURITIES

	Investment securities		Other investments		Total	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
THE GROUP						
Listed equity securities:						
in Hong Kong	650,063	644,030	26,527	34,005	676,590	678,035
in overseas	3,623	22,823	–	–	3,623	22,823
Unlisted debt securities	–	–	–	100,000	–	100,000
	653,686	666,853	26,527	134,005	680,213	800,858
Market value of listed securities	14,483	64,045	26,527	34,005	41,010	98,050
Carrying amount analysed for reporting purposes as:						
Non-current	653,686	659,029	–	–	653,686	659,029
Current	–	7,824	26,527	134,005	26,527	141,829
	653,686	666,853	26,527	134,005	680,213	800,858

The listed investment securities in Hong Kong represent a 14.55% interest in China Strategic Holdings Limited ("China Strategic"), a company incorporated in Hong Kong with its shares and warrants listed on the Hong Kong Stock Exchange. China Strategic is an investment holding company and its subsidiaries principally engage in the business of tire manufacturing, manufacturing, retailing and distribution of Chinese medicine, western pharmaceuticals and health food and investment in infrastructure projects. The directors are of the opinion that the recoverable amount of the investment securities, estimated by reference to the cash flows from the investment projects discounted at the prevailing interest rates, are worth at least their carrying value.

20. OTHER LONG TERM INVESTMENTS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Unlisted investments, at cost:		
in Hong Kong	15,093	15,901
in overseas	388	388
	15,481	16,289

In the opinion of the directors, the above investments are worth at least their carrying value.

21. AMOUNTS DUE FROM RELATED COMPANIES

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Loans receivable:		
Associates of ITC	190,054	25,054
Rosedale Hotel Group Limited ("Rosedale")	121,000	-
China Strategic	108,337	-
	419,391	25,054
Other receivables:		
Subsidiaries of ITC	-	62
Associates of ITC	8,518	8,979
Rosedale and its subsidiaries	10,498	-
China Strategic and its subsidiaries	4,939	-
Other related companies	2,157	-
	445,503	34,095

Rosedale, China Strategic and other related companies are companies under common directorship with ITC.

The amounts are unsecured and repayable as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Loans receivable:		
Hong Kong prime rate	114,000	-
1% over Hong Kong prime rate	7,000	-
2% over Hong Kong prime rate	273,337	-
3% over Hong Kong prime rate	25,054	25,054
	419,391	25,054
Other receivables	26,112	9,041
	445,503	34,095
Less: Amount due within one year shown under current assets	(277,195)	(34,095)
Amount due after one year	168,308	-

22. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONTRACT WORKS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Contracts in progress at the balance sheet date:		
Contract costs incurred to date	32,580,432	31,249,672
Recognised profits less recognised losses	865,832	941,835
	33,446,264	32,191,507
Less: Progress billings	(33,740,185)	(32,430,004)
	(293,921)	(238,497)
Represented by:		
Amounts due from customers for contract works	200,934	375,414
Amounts due to customers for contract works	(494,855)	(613,911)
	(293,921)	(238,497)

At 31st March, 2003, retentions held by customers for contract works amounting to approximately HK\$367,453,000 (2002: HK\$544,866,000) were included in debtors, deposits and prepayments.

At 31st March, 2002, advances received from customers for contract works amounting to approximately HK\$7,346,000 were included in creditors and accrued expenses.

23. DEBTORS, DEPOSITS AND PREPAYMENTS

The Group's credit terms for its contracting business are negotiated with, and entered into under, normal commercial terms with its trade customers. Trade debtors arise from property leasing business are payable monthly in advance and the credit terms granted by the Group to other trade debtors normally range from 30 days to 90 days.

Included in debtors, deposits and prepayments are trade debtors of approximately HK\$475,084,000 (2002: HK\$640,904,000) and their aged analysis is as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Within 90 days	404,414	590,357
More than 90 days and within 180 days	6,896	14,520
More than 180 days	63,774	36,027
	475,084	640,904

24. AMOUNTS DUE FROM (TO) ASSOCIATES AND AMOUNTS DUE TO JOINTLY CONTROLLED ENTITIES

The amounts are unsecured, interest free and have no fixed terms of repayment.

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25. UNSECURED LOANS RECEIVABLE

The amounts are unsecured, receivable within one year and bear interest at the following rates:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Interest free	138,697	-
1% over Hong Kong prime rate	6,500	144,340
2% over Hong Kong prime rate	10,500	40,500
3% over Hong Kong prime rate	-	5,000
	155,697	189,840

26. CREDITORS AND ACCRUED EXPENSES

Included in creditors and accrued expenses are trade payables of approximately HK\$317,178,000 (2002: HK\$514,356,000) and their aged analysis is as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Within 90 days	297,674	492,249
More than 90 days and within 180 days	4,277	7,581
More than 180 days	15,227	14,526
	317,178	514,356

27. AMOUNTS DUE TO RELATED COMPANIES

The amounts are unsecured, interest free and have no fixed terms of repayment. The amounts are due to the following parties:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
A subsidiary of ITC	-	247
An associate of ITC	-	1,220
	-	1,467

28. BANK BORROWINGS

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Bank borrowings comprise:				
Mortgage loans	446,135	816,328	-	-
Bank loans	290,000	391,725	10,000	10,000
Trust receipt loans	23,358	7,037	354	5,743
Bank overdrafts	22,105	80,759	1,998	1,995
	781,598	1,295,849	12,352	17,738
Analysed as:				
Secured	726,135	1,168,053	-	-
Unsecured	55,463	127,796	12,352	17,738
	781,598	1,295,849	12,352	17,738
The bank borrowings are repayable as follows:				
Within one year or on demand	144,423	468,267	12,352	17,738
More than one year, but not exceeding two years	30,900	104,101	-	-
More than two years, but not exceeding five years	578,700	459,521	-	-
More than five years	27,575	263,960	-	-
	781,598	1,295,849	12,352	17,738
Less: Amount due within one year or on demand shown under current liabilities	(144,423)	(468,267)	(12,352)	(17,738)
Amount due after one year	637,175	827,582	-	-

29. PROVISION FOR LONG SERVICE PAYMENTS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Balance brought forward	-	-
Provided for the year	1,727	-
Balance carried forward	1,727	-

The provision represents long service payments made in respect of qualified employees of the Group pursuant to the requirements under the Employment Ordinance.

30. DEFERRED TAXATION

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Balance brought forward	35,884	42,358
Credit for the year	(36,124)	(6,474)
Change in tax rate	4,170	-
Balance carried forward	3,930	35,884

At the balance sheet date, the major components of the deferred taxation liability (asset) of the Group, provided and unprovided, are as follows:

	Provided		Unprovided	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Tax effect of timing differences attributable to:				
Excess of tax allowances over depreciation	14,294	28,425	(6,702)	11,299
Prepayments claimed for taxation purposes	-	4,091	-	24
Different method in recognition of contract income for accounting and taxation purposes	(3,169)	5,187	(3,508)	2,155
Unutilised tax losses	(7,195)	(1,819)	(117,781)	(43,834)
	3,930	35,884	(127,991)	(30,356)

The net deferred taxation asset has not been recognised in the financial statements as realisation of this asset in the foreseeable future is uncertain.

The major components of deferred taxation charge (credit) of the Group not recognised in the financial statements for the year are as follows:

	2003 HK\$'000	2002 HK\$'000
Tax effect of timing differences attributable to:		
Difference between tax allowances and depreciation	(19,060)	5,993
Prepayments claimed for taxation purposes	(24)	(226)
Different method in recognition of contract income for accounting and taxation purposes	(5,865)	3,069
Tax losses arising	(69,837)	(970)
Change in tax rate	(2,849)	-
	(97,635)	7,866

The Company did not have any significant unprovided deferred taxation for the year or at the balance sheet date.

31. SHARE CAPITAL

	Number of shares	Value HK\$'000
Ordinary shares of HK\$0.10 each:		
Authorised:		
At 1st April, 2001, 31st March, 2002 and 31st March, 2003	3,000,000,000	300,000
Issued and fully paid:		
At 1st April, 2001	992,488,392	99,249
Issue of new shares pursuant to scrip dividend scheme	44,256,532	4,426
At 31st March, 2002	1,036,744,924	103,675
Issue of new shares pursuant to scrip dividend scheme	26,271,113	2,627
At 31st March, 2003	1,063,016,037	106,302

Pursuant to the scrip dividend schemes which were announced by the Company on 18th July, 2002 and 18th December, 2002, the Company issued 12,357,385 and 13,913,728 (2002: 32,113,356 and 12,143,176) new shares of HK\$0.10 each in the Company to shareholders who elected to receive scrip dividends in respect of the final dividend for the year ended 31st March, 2002 and the interim dividend for the year ended 31st March, 2003, respectively. The scrip shares did not rank for the final dividend for the year ended 31st March, 2002 and the interim dividend for the year ended 31st March, 2003, respectively.

32. WARRANTS

	Number of shares upon subscription	Aggregate subscription amount HK\$'000
2003 Warrants		
Warrants at a subscription price of HK\$0.40 each:		
Balance in issue at 1st April, 2002 and 31st March, 2003	204,920,349	81,968

The rights attached to each of the 2003 Warrants to subscribe in cash for one new ordinary share of HK\$0.10 each in the Company at a price of HK\$0.40 each will expire on 29th August, 2003.

33. SHARE OPTION SCHEMES**(a) Initial Share Option Scheme**

In accordance with the Company's share option scheme (the "Initial Share Option Scheme") which was adopted on 1st September, 1993 for recognition of past services contributed by the eligible directors and employees and will expire on 31st August, 2003, the directors of the Company may at their discretion grant options to any directors or full time employees of the Company or any of its subsidiaries to subscribe for shares in the Company.

At 31st March, 2003, the number of shares in respect of which options had been granted and remained outstanding under the Initial Share Option Scheme was 16,100,000 (2002: 54,449,206), representing 1.51% (2002: 5.25%) of the shares of the Company in issue at that date. The maximum number of shares in respect of which options may be granted under the Initial Share Option Scheme is not permitted to exceed 10% of the issued share capital of the Company from time to time.

33. SHARE OPTION SCHEMES (Continued)

(a) Initial Share Option Scheme (Continued)

No option may be granted to any individual under the Initial Share Option Scheme which, if exercised in full, would result in the total number of shares of the Company already issued and issuable under all the options previously granted and to be granted to him which are for the time being subsisting and unexercised exceed 25% of the aggregate number of shares of the Company for the time being issued and issuable under the Initial Share Option Scheme.

The offer of a grant of options may be accepted within 28 days from the date of offer of options, upon payment of a consideration of HK\$1.00 by the grantee. In each grant of options, the directors of the Company may at their discretion determine the specific exercise period and in any event such period of time shall not exceed a period of three years commencing on the expiry of six months after the date of acceptance of options. The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the shares of the Company, and 80% of the average closing prices of the shares of the Company on the five trading days immediately preceding the date of offer of options.

The following table discloses details of the Company's share options under the Initial Share Option Scheme and movements in such holdings during the year:

Date of grant	Exercise price per share HK\$	Number of shares of the Company to be issued upon exercise of the share options		
		At 1.4.2001 & 1.4.2002	Lapsed during the year	At 31.3.2003
18th December, 1998	0.6048	38,349,206	(38,349,206)	–
17th December, 1999	0.5552	16,100,000	–	16,100,000
		54,449,206	(38,349,206)	16,100,000

The outstanding options can be exercised at any time during a period of three years commencing on the expiry of six months after the date of acceptance of the options.

During the year, no options have been granted under the Initial Share Option Scheme.

Pursuant to a special general meeting held by the shareholders of the Company on 27th August, 2002, the Company has terminated the Initial Share Option Scheme and adopted a new share option scheme (the "New Share Option Scheme") in order to comply with the amended rules of Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Consequently, the Company can no longer grant any further options under the Initial Share option Scheme on its termination. However, all outstanding share options granted under the Initial Share Option Scheme remain in full force and effect.

(b) New Share Option Scheme

On 27th August, 2002, the Company adopted the New Share Option Scheme for the purpose of providing incentive or reward to any employees, executives or officers, directors of the Group or any invested entity and any celebrity, consultant, adviser or agent of any member of the Group or any invested entity, who have contributed or will contribute to the growth and development of the Group or any invested entity ("Eligible Person"). The New Share Option Scheme will remain in force for a period of ten years from that date.

33. SHARE OPTION SCHEMES (Continued)**(b) New Share Option Scheme** (Continued)

Under the New Share Option Scheme, the directors of the Company may at their discretion grant options to any Eligible Person to subscribe for shares in the Company without consideration. The directors may at their discretion determine the specific exercise period which should expire in any event no later than ten years from date of adoption of the New Share Option Scheme. The exercise price is determined by the directors of the Company and will be at least the higher of: (i) the subscription price as is permissible under the Listing Rules from time to time; and (ii) the nominal value of the Company's shares.

The total number of shares of the Company in respect of which options may be granted under the New Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 103,674,492 shares, representing 9.75% of the issued share capital of the Company as at the date of this report. Subject to the approval of the shareholders of the Company in general meeting, the limit may be refreshed to 10% of the total number of shares in issue as at the date of approval by the shareholders of the Company in general meeting. Notwithstanding the forgoing, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 30% of the total number of shares in issue from time to time.

The maximum number of shares of the Company in respect of which options may be granted to each Eligible Person under the New Share Option Scheme and any other share option scheme(s) of the Company (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares in issue from time to time unless such grant has been duly approved by shareholders of the Company at general meeting at which the Eligible Person and his associates (as defined in the Listing Rules) abstained from voting. Options granted to a substantial shareholder and/or an independent non-executive director or any of their respective associates (as defined in the Listing Rules) in any 12-month period in excess of 0.10% of total number of shares in issue and have an aggregate value exceeding HK\$5 million must be approved by the shareholders of the Company in general meeting in advance.

No options have been granted under the New Share Option Scheme since its adoption.

34. RESERVES

	Share premium	Capital reserve <i>(note (a) below)</i>	Contributed surplus <i>(note (b) below)</i>	Accumulated profits	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE COMPANY					
At 1st April, 2001	219,807	3,126,941	155,846	73,470	3,576,064
Issue of shares under scrip dividend scheme	(4,426)	–	–	–	(4,426)
Credit arising on scrip dividends <i>(note 11)</i>	–	–	–	8,708	8,708
Share issue expenses	(535)	–	–	–	(535)
Transfer	–	–	(155,846)	155,846	–
Loss for the year	–	–	–	(177,542)	(177,542)
Dividends paid	–	–	–	(20,171)	(20,171)
At 31st March, 2002	214,846	3,126,941	–	40,311	3,382,098
Issue of shares under scrip dividend scheme	(2,627)	–	–	–	(2,627)
Credit arising on scrip dividends <i>(note 11)</i>	–	–	–	5,724	5,724
Share issue expenses	(188)	–	–	–	(188)
Transfer	–	(646,941)	–	646,941	–
Loss for the year	–	–	–	(246,808)	(246,808)
Dividends paid	–	–	–	(20,858)	(20,858)
At 31st March, 2003	212,031	2,480,000	–	425,310	3,117,341

Notes:

- (a) The capital reserve of the Company comprises the credit arising from the cancellation of share premium and the reduction of paid up share capital upon capital reorganisation. The Company has given a guarantee in favour of, and entered into a letter of undertaking (the "Letter of Undertaking") with, a bank in connection with a loan agreement (the "Loan Agreement") entered into between certain subsidiaries of the Company and the bank. Pursuant to the Letter of Undertaking, so long as any sums remain outstanding under the Loan Agreement, the Company cannot, under certain circumstances, without the prior consent from the bank, reduce or distribute or use the capital reserve including the transfer to the contributed surplus account. During the year, an amount of approximately HK\$646,941,000 was transferred from the capital reserve to accumulated profits for future distribution.
- (b) The contributed surplus of the Company represented the difference between the underlying net assets of the subsidiaries acquired by the Company and the nominal amount of the Company's share capital issued as consideration for the acquisition.

Under the Companies Act 1981 of Bermuda, the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus, if:

- (i) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) 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 accounts.

During the year ended 31st March, 2002, the contributed surplus was transferred to accumulated profits for future distribution.

34. RESERVES (Continued)

In the opinion of the directors, the Company's reserves available for distribution to shareholders at 31st March, 2003 amounted to approximately HK\$425,310,000 (2002: HK\$40,311,000).

35. ACQUISITION OF SUBSIDIARIES

In May 2002, the Group acquired the entire issued share capital of, and shareholder's loan to, Unicon Industrial Group Limited ("Unicon") for a cash consideration of HK\$103,000,000. Unicon, together with its subsidiary, solely held certain leasehold land and buildings in Hong Kong with carrying value of HK\$103,000,000. The effect of the acquisition is summarised as follows:

	2003 HK\$'000	2002 HK\$'000
Net assets acquired:		
Property, plant and equipment	103,000	-
Satisfied by:		
Cash paid	103,000	-

Unicon and its subsidiary did not make any significant impact on the Group's results and cash flows for the year.

36. DISPOSAL OF SUBSIDIARIES

As detailed in note 5, in December 2002 the Group disposed of the entire issued share capital of, and shareholder's loan to, Rosedale Hotel Group BVI for a cash consideration of HK\$250,000,000. The effect of the disposal is summarised as follows:

	2003 HK\$'000	2002 HK\$'000
Net assets disposed of:		
Property, plant and equipment	647,359	-
Debtors, deposits and prepayments	12,555	-
Bank balances and cash	595	-
Creditors and accrued expenses	(8,808)	-
Bank loan	(400,000)	-
	251,701	-
Loss on disposal of subsidiaries	(1,701)	-
	250,000	-
Satisfied by:		
Cash received	250,000	-

36. DISPOSAL OF SUBSIDIARIES (Continued)

Analysis of net inflow of cash and cash equivalents in connection with the disposal of subsidiaries:

	2003 HK\$'000	2002 HK\$'000
Cash consideration received	250,000	-
Bank balances and cash disposed of	(595)	-
Net inflow of cash and cash equivalents in connection with the disposal of subsidiaries	249,405	-

The impacts on the Group's results and cash flows are disclosed in note 5.

37. MAJOR NON-CASH TRANSACTIONS

During the year, the Group had the following major non-cash transactions:

- (a) Issue of additional shares as scrip dividends as set out in note 31.
- (b) Receipt of scrip dividends of HK\$7,307,000 (2002: Nil) from investment in an associate.
- (c) An unsecured loan receivable of HK\$42,000,000 (2002: Nil) has been settled as deposit paid for the acquisition of certain property interests in the PRC. The amount has been reclassified to debtors, deposits and prepayments.

38. RETIREMENT BENEFIT SCHEMES

The Group operates defined contribution retirement benefit schemes for qualifying employees. The assets of the schemes are separately held in funds under the control of trustees.

The cost charged to the income statement represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At the balance sheet date, there were no material forfeited contributions which arose upon employees leaving the schemes prior to their interests in the Group's contributions becoming fully vested and which are available to reduce the contributions payable by the Group in future years.

With effect from 1st December, 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme"). 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 rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to 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.

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

39. CONTINGENT LIABILITIES

	THE GROUP		THE COMPANY	
	2003 HK\$'000	2002 HK\$'000	2003 HK\$'000	2002 HK\$'000
Outstanding performance bonds in respect of construction contracts	740,529	607,447	-	-
Guarantees given to banks and financial institutions in respect of general banking facilities granted to:				
Subsidiaries	-	-	1,510,955	1,886,345
Associates	2,419	84,717	2,419	84,717
A jointly controlled entity	-	8,360	-	8,360
	742,948	700,524	1,513,374	1,979,422

In addition to the above, the Group has received claims for damages and injuries relating to its construction business. No provision has been made for these claims as they are either covered by insurance or will be indemnified by other parties.

40. OPERATING LEASE ARRANGEMENTS
(a) The Group as a lessee:

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Within one year	1,015	2,409
In the second to fifth year inclusive	1,958	908
After five years	1,026	476
	3,999	3,793

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

(b) The Group as a lessor:

At the balance sheet date, the Group had contracted with tenants for future minimum lease payments which fall due as follows:

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Within one year	26,082	28,808
In the second to fifth year inclusive	10,298	9,025
	36,380	37,833

The properties held have committed tenants for the next two years.

The Company did not have any significant operating lease arrangements at the balance sheet date.

41. PLEDGE OF ASSETS

At 31st March, 2003, certain of the Group's property, plant and equipment and debtors with an aggregate value of approximately HK\$890,903,000 (2002: HK\$1,553,970,000) and the issued shares of certain subsidiaries of the Company and the Group's benefits under certain construction contracts, have been pledged to banks and financial institutions to secure general credit facilities granted to the Group. Facilities amounting to approximately HK\$726,135,000 (2002: HK\$1,168,053,000) were utilised at 31st March, 2003.

42. COMMITMENTS

	THE GROUP	
	2003 HK\$'000	2002 HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of the acquisition of an associate	36,660	-

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

43. POST BALANCE SHEET EVENT

On 8th July, 2003, the Company and Hanny Holdings Limited ("Hanny") jointly announced that through Kingsway SW Securities Limited, they will make a voluntary conditional cash offer at the price of HK\$0.10 for each share and HK\$0.001 for each warrant of China Strategic respectively, other than those owned by the Company and Hanny and parties acting in concert with them, and to cancel all outstanding share options of China Strategic at HK\$0.001 each. The Company and Hanny further jointly announced that after the purchase at the open market on 9th July 2003, the Company and Hanny and their concert parties are interested in 291,675,000 shares of China Strategic, representing approximately 35.16% of the issued share capital of China Strategic, thus triggering a mandatory offer during the offer period of a voluntary offer under Rule 26 of the Takeovers Code. The Company and Hanny have notified China Strategic that, to make the offer price more attractive to the shareholders of China Strategic, the offer price per share of China Strategic is to be increased from HK\$0.10 to HK\$0.139, representing an increase of 39%. The shares and warrants of China Strategic to be acquired by Kingsway SW Securities Limited will be distributed to the Company and Hanny in the same proportion.

Following the close of the offer, the Company and Hanny intend to take appropriate steps to ensure that not less than 25% of the shares of China Strategic will be held by the public.

44. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Group entered into the following transactions with its related parties:

Class of related party	Nature of transactions	2003 HK\$'000	2002 HK\$'000
Associates of the Group	Construction works charged by the Group	2,809	177,418
	Purchase of concrete products by the Group	6	145
	Subcontracting fees charged to the Group	9,839	57,192
	Interest income charged by the Group	-	4,975
	Loan commitment fee charged by the Group	113	236
	Rentals and related building management fee charged by the Group	3,073	3,667
	Service fees charged to the Group	70	493
	Purchase of equipment by the Group	-	832
	Project management fees charged to the Group	15,000	-
	Jointly controlled entities of the Group	Construction works charged by the Group	1,337
Project management fees charged by the Group		5,000	6,125
Subcontracting fees charged to the Group		242,639	350,683
Service fees charged by the Group		276	342
Subsidiaries of ITC	Rentals and related building management fee charged by the Group	748	247
	Purchase of building materials and related installation works by the Group	551	882
	Sales of motor car registration mark	790	-
Associates of ITC	Rentals and related building management fee charged by the Group	8,246	8,049
	Interest income charged by the Group	8,128	7,221
Other related companies	Rental and related building management fee charged by the Group	4,613	-
	Interest income charged by the Group	4,569	-
	Subcontracting fees charged by the Group	371	-
	Project management fees charged by the Group	2,321	-
	Purchase of medicine and health products by the Group	374	-
	Service fees charged to the Group	802	-

Other related companies are companies under common directorship or common control with ITC.

44. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

The above transactions were carried out on the following bases:

- (a) Construction works and subcontracting fees were charged at market price or, where no market price was available, at terms determined and agreed by both parties.
- (b) Purchase of equipment, medicine and health products, concrete products and building materials and sales of motor car registration number were carried out in accordance with the negotiated prices.
- (c) Interest was charged by reference to the principal outstanding and at the interest rate determined and agreed by both parties.
- (d) Building management fee, service fee, project management fee and loan commitment fee were charged at the pre-agreed rates.
- (e) Rentals were charged at the pre-agreed fixed monthly amounts.

Details of the balance with associates, jointly controlled entities and related companies at the balance sheet date are set out in notes 17, 18, 21, 24 and 27.

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

- (a) Particulars of the Company's principal subsidiaries at 31st March, 2003 are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital		Principal activities
			held by the Company * / subsidiaries %	attributable to the Group %	
Calisan Developments Limited	British Virgin Islands	US\$1 ordinary share	100	100	Investment holding
Corless Limited	British Virgin Islands	US\$2 ordinary shares	100	100	Investment holding
Cycle Company Limited	Hong Kong	HK\$2 ordinary shares	100	100	Property investment and holding
		HK\$2 non-voting deferred shares (note (i) below)	-	-	
DH Holdings Limited	British Virgin Islands	US\$1 ordinary share	100	100	Investment holding
Full Winners Limited	Hong Kong	HK\$2 ordinary shares	100	100	Property sale and holding
Gunnell Properties Limited	British Virgin Islands	US\$1 ordinary share	100	100	Property investment and holding

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital		Principal activities
			held by the Company * / subsidiaries %	attributable to the Group %	
Hamker Concrete Products Limited	Hong Kong	HK\$5,000,000 ordinary shares	70	70	Manufacturing and trading of concrete products
Nation Cheer Investment Limited	Hong Kong	HK\$1,200,000 ordinary shares	100	100	Securities investment and trading
Paul Y. - CREC Engineering Co., Limited	Hong Kong	HK\$10 ordinary shares	70	70	Civil engineering
Paul Y. - CREC Joint Venture	Hong Kong	– (note (ii) below)	70	70	Civil engineering
Paul Y. - ITC (E & M) Contractors Limited	Hong Kong	HK\$20,000,000 ordinary shares	99.9998	99.9998	Provision of electrical, mechanical and building services
Paul Y. - ITC Construction Group Limited	Hong Kong	HK\$2 ordinary shares	100	100	Investment holding
		HK\$1,000,000 non-voting deferred shares (note (iii) below)	–	–	
Paul Y. - ITC Construction Limited	Hong Kong	HK\$102,000,000 ordinary shares	100	100	Building construction
Paul Y. - ITC Construction & Engineering Co. Limited	Hong Kong	HK\$42,000,000 ordinary shares	100	100	Building construction and specialist works
Paul Y. - ITC General Contractors Limited	Hong Kong	HK\$36,000,000 ordinary shares	100	100	Civil engineering and building construction
Paul Y. - ITC Interior Contractors Limited	Hong Kong	HK\$2 ordinary shares	100	100	Interior decoration works
Paul Y. - ITC Investments Group Limited	British Virgin Islands	US\$1 ordinary share	100	100	Investment holding
Paul Y. - ITC Management Limited	Hong Kong	HK\$2 ordinary shares	100	100	Management services
Paul Y. - ITC Plant Hire Limited	Hong Kong	HK\$2 ordinary shares	100	100	Hire of motor vehicles and plant and machinery

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/ registered capital		Principal activities
			held by the Company * / subsidiaries %	attributable to the Group %	
Paul Y. Building Management Limited	Hong Kong	HK\$2 ordinary shares	100	100	Property management services
Paul Y. Construction Company, Limited	Hong Kong	HK\$2 ordinary shares	100	100	Civil engineering, building construction and investment holding
		HK\$50,000,000 non-voting preferred shares (note (iv) below)	-	-	
Paul Y. Foundation Holdings Limited	British Virgin Islands	US\$1 ordinary share	100	100	Investment holding
Paul Y. Foundation Limited	Hong Kong	HK\$10,000,000 ordinary shares	100	100	Civil engineering and foundation works
Paul Y. Properties Group Limited	British Virgin Islands	US\$1 ordinary share	100*	100	Investment holding
Paul Y. Tunnel Engineering Co. Limited	Hong Kong	HK\$2 ordinary shares	100	100	Civil engineering
Skylink Enterprises Limited	Hong Kong	HK\$10 ordinary shares	100	100	Holding of land use right
Tai Shan Paul Y. Construction Co., Ltd.	PRC	US\$5,005,340 registered capital (note (v) below)	100	100	Civil engineering and building construction
Technico Investments Limited	Hong Kong	HK\$2 ordinary shares	100	100	Holding of land use right
Unicon Concrete Products (HK) Limited	Hong Kong	HK\$12,000,002 ordinary shares	100	100	Manufacturing and trading of concrete products
Unicon Industrial Limited	Hong Kong	HK\$2 ordinary shares	100	100	Property holding
Unistress Concrete Products (H.K.) Limited	Hong Kong	HK\$200 ordinary shares	100	100	Manufacturing and trading of concrete products
		HK\$1,000,000 non-voting deferred shares (note (iii) below)	100	100	
Unistress Group Limited	British Virgin Islands	US\$1 ordinary share	100	100	Investment holding

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES (Continued)

All of the above subsidiaries operate in Hong Kong except Hamker Concrete Products Limited and Tai Shan Paul Y. Construction Co., Ltd. which operate in the PRC.

All of the above subsidiaries are private limited companies except Paul Y. - CREC Joint Venture which is an unincorporated business.

Notes:

- (i) The holders of the non-voting deferred shares are not entitled to vote, are not entitled to any dividends unless the net profits of the company available for dividend exceed HK\$100,000,000,000,000 in which case they should be entitled to a fixed non-cumulative dividend at the rate of 5% per annum for any financial year and are, on winding up, only entitled out of the surplus assets of the company to a return of the capital after a total sum of HK\$100,000,000,000,000 has been distributed to the holders of the ordinary shares of the company.
- (ii) No capital has been contributed by the joint venture partners of the joint venture.
- (iii) The holders of the non-voting deferred shares are not entitled to vote, are not entitled to any dividends for any financial year and are, on winding up or otherwise, only entitled out of the surplus assets of the company to a return of the capital after a total sum of HK\$100,000,000,000,000 has been distributed to the holders of the ordinary shares of the company.
- (iv) The holders of the non-voting preferred shares are not entitled to vote, are not entitled to any dividends unless the net profits of the company available for dividend exceed HK\$100,000,000,000 in which case they should be entitled to a fixed non-cumulative dividend at the rate of 5% per annum for any financial year and are, on winding up, only entitled out of the surplus assets of the company to a return of the capital after a total sum of HK\$10,000,000,000 has been distributed to the holders of the ordinary shares of the company.
- (v) The company is a sino-foreign equity joint venture company.

(b) Particulars of the Company's principal associates at 31st March, 2003 are as follows:

Name of associate	Place of incorporation/ registration	Issued and fully paid share capital/ registered capital	Percentage of issued share capital/registered capital attributable to the Group %	Principal activities
ThyssenKrupp Elevator (HK) Limited (formerly Bongear Elevator (HK) Limited)	Hong Kong	HK\$116,800,000 ordinary shares	22.1	Elevators and escalators installation and maintenance
Downer EDI Limited ("Downer")	Australia	A\$484,870,365 ordinary shares	36.6	Investment holding
Hang Pak Engineering Limited	Hong Kong	HK\$100,000 ordinary shares	25.5	Elevators and escalators maintenance
Paul Y. - CREC Construction Co., Limited	Hong Kong	HK\$100 ordinary shares	50.0	Civil engineering
Paul Y. - SELI Joint Venture	Hong Kong	– (note (i) below)	50.0	Civil engineering
Zhujiang Kwan On Concrete Products Co., Ltd.	PRC	RMB6,320,000 registered capital (note (ii) below)	50.0	Manufacturing and trading of concrete products

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATES AND JOINTLY CONTROLLED ENTITIES *(Continued)*

All of the above associates are private limited companies except (i) the joint ventures which are unincorporated businesses and (ii) Downer which is listed in Australia and New Zealand.

All of the above associates are held by the Company indirectly.

Notes:

(i) No capital has been contributed by the joint venture partners of this joint venture.

(ii) The company is a sino-foreign equity joint venture company.

(c) Particulars of the Company's jointly controlled entities at 31st March, 2003 are as follows:

Name of jointly controlled entity	Place of incorporation	Issued and fully paid share capital	Percentage of issued share capital attributable to the Group %	Principal activities
DL & PY JV Limited	Hong Kong	HK\$2 ordinary shares	50	Civil engineering
Paul Y. - Penta-Ocean Joint Venture	Hong Kong	- <i>(note below)</i>	50	Civil engineering

Note: No capital has been contributed by the joint venture partners, although the Group has contributed working capital amounting to HK\$5,000,000 to this joint venture.

The above tables list the subsidiaries and associates of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries and associates would, in the opinion of the directors, result in particulars of excessive length.