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CORPORATE INFORMATION

DIRECTORS

Executive Directors

CHAN Yuen Keung, Zuric (*Chairman*)

HONG Yiu (*Deputy Chairman*)

YU Sek Kee, Stephen (*Managing Director*)

AU Shiu Wai, Frank

AU Yu Fai, Patrick

Independent Non-executive Directors

CHAN Chok Ki

HO Hin Kwan, Edmund

YU Hon To, David

AUDIT COMMITTEE

CHAN Chok Ki

HO Hin Kwan, Edmund

YU Hon To, David

COMPANY SECRETARY

LO Yun Sang

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton

HM 12

Bermuda

PRINCIPAL PLACE OF BUSINESS

Flat 201, 2nd Floor

Premier Centre

20 Cheung Shun Street

Lai Chi Kok

Kowloon

Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

Standard Chartered Bank (HK) Limited

The Hong Kong and Shanghai Banking Corporation Limited

AUDITORS

Ernst & Young

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre

11 Bermudiana Road

Hamilton

Bermuda

HONG KONG SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

Rooms 1712-16

17th Floor, Hopewell Centre

183 Queen's Road East

Hong Kong

STOCK CODE

650

WEBSITE

<http://www.irasia.com/listco/hk/shuncheong>

CHAIRMAN'S STATEMENT

REVIEW OF OPERATION

The Group's turnover for the six months ended 30 September 2004 was approximately HK\$249 million (2003: HK\$397 million). Net loss attributable to shareholders for the period was approximately HK\$12.4 million (2003: net profit of HK\$2.6 million). The net loss was mainly attributable to the decrease in turnover and gross profit. The Group was awarded some new contracts but their contribution to the revenue for this period was negligible as work on these contracts had just commenced in this period. Although there was an increase in number of staff as more workers were hired to cope with contract requirements, the Group still managed to reduce the staff costs by approximately HK\$8.6 million. The net profit of the corresponding period in last year included the net gain on dissolution of subsidiaries of approximately HK\$6.8 million and the provision for amounts due from former subsidiaries of approximately HK\$2.2 million.

As at 30 September 2004, the Group's uncompleted contracts on hand was approximately HK\$755 million (as at 31 March 2004: HK\$698 million).

DIVIDEND

The Board does not recommend the payment of an interim dividend (2003: Nil).

FINANCIAL REVIEW

Liquidity and financial resources

The Group's cash and bank balances were approximately HK\$40 million as at 30 September 2004 (as at 31 March 2004: HK\$36.9 million). The total bank borrowings were approximately HK\$42.7 million as at 30 September 2004, an increase of approximately HK\$12.4 million as compared to that of 31 March 2004. The increase in the Group's total bank borrowings was mainly due to funding requirements for the Group's operations and working capital. The total bank borrowings comprised bank overdraft, installment loans and trust receipt loans at various interest rates.

The gearing ratio, as measured by the total bank borrowings over shareholders' equity, was approximately 49% as at 30 September 2004 (as at 31 March 2004: 30%).

As the Group's transactions are mostly settled in Hong Kong dollars, the use of financial instruments for hedging purposes is not considered necessary.

Treasury and funding policy

There were no significant changes in the Group's treasury and funding policies during the period under review.

Pledge of assets

As at 30 September 2004, certain of the Group's leasehold land and properties with a net book value of approximately HK\$15.9 million (as at 31 March 2004: HK\$16.1 million) and bank fixed deposits of HK\$26.8 million (as at 31 March 2004: HK\$26.8 million) were pledged to secure general banking facilities granted to the Group.

CHAIRMAN'S STATEMENT *(Continued)*

Employees and remuneration policy

The Group employed approximately 250 employees as at 30 September 2004. There were no significant changes in the remuneration policy and benefits to the employees of the Group.

Investment and others

As at 30 September 2004, the Group's long term investments comprising one listed securities and four unlisted securities with an aggregate carrying value of approximately HK\$2.6 million (as at 31 March 2004: HK\$3.6 million) after a further provision for impairment in value of approximately HK\$1 million made during the period (2003: HK\$1.6 million).

As at 30 September 2004, the Group had no plan for any material investments or capital assets.

Contingent liability

As at 30 September 2004, the Group did not have any significant contingent liability (as at 31 March 2004: Nil).

CONTINUING CONNECTED TRANSACTIONS

Pursuant to the revised Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") which became effective on 31 March 2004 and as detailed in the Company's circular dated 24 August 2004, the agreement entered between Ever Billion Engineering Limited ("Ever Billion", a wholly-owned subsidiary of the Company) and Chinney Construction Company, Limited ("Chinney Construction", a company of which Dr. Wong Sai Wing, James and Mr. Chan Yuen Keung, Zuric are directors of and have indirect beneficial interests) on 10 August 2004 (the "Agreement"), of which Ever Billion agreed to act as a subcontractor of Chinney Construction in respect of a three-year buildings and land maintenance contract awarded by the Architectural Services Department of the Government of the Hong Kong Special Administrative Region to Chinney Construction, constitutes a continuing connected transaction of the Company. The Agreement was approved by the independent shareholders of the Company during an extraordinary general meeting held on 16 September 2004 with the annual cap for the aggregate value of the transactions under the Agreement for each of the three years ending 31 March 2007 of not exceeding HK\$120 million and that for the year ending 31 March 2008 of not exceeding HK\$78 million. During the six months ended 30 September 2004, the aggregate value of the transactions under the Agreement amounted to approximately HK\$10,301,000.

CHAIRMAN'S STATEMENT *(Continued)*

BUSINESS PROSPECT

The local economy continues to show improvement with a 7.2% growth in GDP in the 3rd quarter of 2004. However, the improved economy is felt only in limited sectors while the building services industry sees little benefit. There are no changes in the public housing policies and the actual construction of private residential units dropped dramatically to the lowest since 1997. Under these circumstances, the Group continues to face fierce competition in the building services industry with low profit margin in both the government and private sectors.

The Group will continue to concentrate its core building services business in Hong Kong and explore new business opportunities in the Greater China with its expertise as a building services contractor based in Hong Kong and competitive advantage in this specialist trade. Despite of the adverse market conditions, the directors remain optimistic of satisfactory performance of the group in the coming year.

ACKNOWLEDGMENT

On behalf of the Board, I would like to thank Dr. Wong Sai Wing, James, who resigned as the chairman and director of the Company during the period, for his valuable direction and contribution to the Group during his chairmanship of the Company since 1995.

On behalf of the Board
Chan Yuen Keung, Zuric
Chairman

Hong Kong, 15 December 2004

GENERAL INFORMATION

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 September 2004, the interests and short positions of the directors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code"), were as follows"

Long Positions in Ordinary Shares of the Company

Name of director	Nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Chan Yuen Keung, Zuric	Personal	2,500,000	2.16
Hong Yiu	Personal	6,805,000	5.87
Au Shiu Wai, Frank	Personal	150,000	0.13
Au Yu Fai, Patrick	Personal	88,500	0.08

Save as disclosed above, as at 30 September 2004, none of the directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURE

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any directors or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors of the Company to acquire such rights in any other body corporate.

GENERAL INFORMATION *(Continued)*

SUBSTANTIAL SHAREHOLDERS

At 30 September 2004, the interests of those persons in the shares of the Company as recorded in the register of interests required to be kept under Section 336 of the SFO were as follows:

Long Positions

Name	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
Chinney Alliance Group Limited	Directly beneficially owned	34,697,500	29.93
Hong Yiu	Directly beneficially owned	6,805,000	5.87

Save as disclosed above, as at 30 September 2004, the Company had not been notified of any interests or short positions in the shares or underlying shares of the Company which had been recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALE AND REDEMPTION OF SHARES

There were no purchases, sales and redemptions of the Company's shares by the Company or any of its subsidiaries during the six months ended 30 September 2004.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's unaudited consolidated financial statements for the six months ended 30 September 2004.

CODE OF BEST PRACTICE

None of the directors of Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2004, in compliance with the Code of Best Practice as set out in Appendix 14 to the Listing Rules except that the independent non-executive directors are not appointed for a specific term but they are subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's Bye-laws.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 September 2004

		Six months ended 30 September	
		2004 (Unaudited)	2003 (Unaudited and restated)
	Notes	HK\$'000	HK\$'000
TURNOVER	2	249,407	396,829
Cost of installation and cost of sales		<u>(226,088)</u>	<u>(351,284)</u>
Gross profit		23,319	45,545
Other revenue		724	991
Administrative expenses		(31,427)	(39,114)
Gain on dissolution of subsidiaries, net		–	6,805
Provision for amounts due from former subsidiaries		–	(2,179)
Unrealised holding losses on long term Investments, net		<u>(1,039)</u>	<u>(1,641)</u>
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	3	(8,423)	10,407
Finance costs	4	<u>(775)</u>	<u>(1,279)</u>
PROFIT/(LOSS) BEFORE TAX		(9,198)	9,128
Tax	5	<u>(1,231)</u>	<u>(2,046)</u>
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		(10,429)	7,082
Minority interests		<u>(2,017)</u>	<u>(4,524)</u>
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		<u>(12,446)</u>	<u>2,558</u>
EARNINGS/(LOSS) PER SHARE – Basic	6	<u>(10.73 cents)</u>	<u>2.21 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2004

		30 September 2004 (Unaudited) HK\$'000	31 March 2004 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets	7	19,636	20,735
Interest in an associate		—	—
Long term investments	8	2,629	3,668
		<u>22,265</u>	<u>24,403</u>
CURRENT ASSETS			
Gross amount due from contract customers	9	94,781	84,798
Inventories		3,303	3,248
Trade and other receivables	10	150,613	143,919
Retention money receivable		22,401	25,344
Prepayments, deposits and other assets		541	545
Prepaid tax		2,485	2,527
Pledged time deposits		26,800	26,800
Cash and cash equivalents		13,194	10,129
		<u>314,118</u>	<u>297,310</u>
CURRENT LIABILITIES			
Gross amount due to contract customers	9	102,076	61,827
Trade payables	11	33,965	30,628
Bills payable		3,205	6,443
Retention money payable		22,576	20,742
Other payables and accruals		14,430	44,874
Tax payable		1,631	474
Interest-bearing bank loans, overdrafts and other borrowings		42,658	30,274
Finance lease payables		—	180
		<u>220,541</u>	<u>195,442</u>
NET CURRENT ASSETS		<u>93,577</u>	<u>101,868</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>115,842</u>	<u>126,271</u>
NON-CURRENT LIABILITIES			
Loans from minority shareholders of subsidiaries		6,900	6,900
Deferred tax liabilities		147	147
		<u>7,047</u>	<u>7,047</u>
MINORITY INTERESTS		<u>21,098</u>	<u>19,081</u>
		<u>87,697</u>	<u>100,143</u>
CAPITAL AND RESERVES			
Issued capital	12	1,159	46,372
Reserves		86,538	53,771
		<u>87,697</u>	<u>100,143</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2004

	Note	Issued Share Capital (Unaudited) HK\$'000	Share Premium Account (Unaudited) HK\$'000	Contributed Surplus (Unaudited) HK\$'000	Capital Redemption Reserve (Unaudited) HK\$'000	Retained Profits/ (Accumulated Losses) (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
At 1 April 2004		46,372	110,632	–	132	(56,993)	100,143
Capital reorganisation	12	(45,213)	(110,632)	46,909	–	108,936	–
Net loss for the period		–	–	–	–	(12,446)	(12,446)
At 30 September 2004		<u>1,159</u>	<u>–</u>	<u>46,909</u>	<u>132</u>	<u>39,497</u>	<u>87,697</u>
At 1 April 2003		46,372	110,632	–	132	(58,798)	98,338
Net profit for the period		–	–	–	–	2,558	2,558
At 30 September 2003		<u>46,372</u>	<u>110,632</u>	<u>–</u>	<u>132</u>	<u>(56,240)</u>	<u>100,896</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2004

	Six months ended 30 September	
	2004 (Unaudited) HK\$'000	2003 (Unaudited) HK\$'000
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(9,838)	(659)
NET CASH INFLOW/(OUTFLOW) FORM INVESTING ACTIVITIES	699	(172)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES	<u>(7,296)</u>	<u>(8,995)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(16,435)	(9,826)
Cash and cash equivalents at beginning of period	<u>19,786</u>	<u>38,087</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>3,351</u>	<u>28,261</u>
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	7,694	8,102
Non-pledged time deposits with original maturity of less than three months when acquired	5,500	12,633
Time deposits with original maturity of less than three months when acquired, pledged as security for bank overdraft facilities	26,800	27,348
Bank overdrafts	<u>(36,643)</u>	<u>(19,822)</u>
	<u>3,351</u>	<u>28,261</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Basis of preparation and principal accounting policies

The unaudited condensed consolidated interim financial statements are prepared in accordance with the Hong Kong Statement of Standard Accounting Practice No. 25 “Interim Financial Reporting” and the requirements of the Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2004. The accounting policies and basis of preparation used in preparing these unaudited condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2004.

2. Segmental information

a. Business segments

The following table presents revenue, profit and certain expenditure information for the Group’s business segments:

	Building service contracting business		Project management		Trading of electrical and mechanical engineering materials and equipment		Eliminations		Consolidated	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2004 (Unaudited) HK\$’000	2003 (Unaudited) HK\$’000	2004 (Unaudited) HK\$’000	2003 (Unaudited) HK\$’000	2004 (Unaudited) HK\$’000	2003 (Unaudited) HK\$’000	2004 (Unaudited) HK\$’000	2003 (Unaudited) HK\$’000	2004 (Unaudited) HK\$’000	2003 (Unaudited) HK\$’000
Segment revenue:										
Sales to external customers	236,628	383,702	1,023	897	11,756	12,230	-	-	249,407	396,829
Intersegment sales	-	-	-	-	1,152	4,258	(1,152)	(4,258)	-	-
Total revenue	<u>236,628</u>	<u>383,702</u>	<u>1,023</u>	<u>897</u>	<u>12,908</u>	<u>16,488</u>	<u>(1,152)</u>	<u>(4,258)</u>	<u>249,407</u>	<u>396,829</u>
Segment results	<u>(8,050)</u>	<u>8,354</u>	<u>1,023</u>	<u>897</u>	<u>(1,081)</u>	<u>(2,820)</u>	<u>-</u>	<u>-</u>	<u>(8,108)</u>	<u>6,431</u>
Interest income and unallocated gains									724	991
Gain on dissolution of subsidiaries, net									-	6,805
Provision for amounts due from former subsidiaries									-	(2,179)
Unrealised holding losses on long term investments, net									(1,039)	(1,641)
Finance costs									(775)	(1,279)
Profit/(loss) before tax									<u>(9,198)</u>	<u>9,128</u>
Tax									<u>(1,231)</u>	<u>(2,046)</u>
Profit/(loss) before minority interests									<u>(10,429)</u>	<u>7,082</u>
Minority interests									<u>(2,017)</u>	<u>(4,524)</u>
Net profit/(loss) from ordinary activities attributable to shareholders									<u>(12,446)</u>	<u>2,558</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

2. Segmental information *(Continued)*

b. Geographical segments

The Group's turnover was all derived from its operations and customers in Hong Kong. Accordingly, no analysis for geographical segments has been disclosed.

3. Profit/(loss) from operating activities

Profit/(loss) from operating activities is arrived at after charging/(crediting):

	Six months ended	
	30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	7,230	11,388
Cost of installation	<u>218,858</u>	<u>339,896</u>
	<u>226,088</u>	<u>351,284</u>
Depreciation		
– Owned fixed assets	933	1,136
– Fixed assets held under finance leases	39	108
Minimum lease payments under operating leases in respect of land and buildings	703	793
Staff costs (including directors' remuneration)	24,655	33,302
Loss on disposal of fixed assets	19	–
Recovery of doubtful debts	–	(281)
Bank interest income	<u>(14)</u>	<u>(180)</u>

4. Finance costs

	Six months ended	
	30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank loans, overdrafts and other loans wholly repayable within five years	391	662
Interest on finance leases	43	26
Bank charges	<u>341</u>	<u>591</u>
	<u>775</u>	<u>1,279</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

5. Tax

The Company is exempted from taxation in Bermuda until 2016. Hong Kong profits tax has been provided at the rate of 17.5% (2003: 17.5%) on the estimated assessable profits arising in or derived from Hong Kong.

Taxation in the unaudited condensed consolidated profit and loss account comprises:

	Six months ended	
	30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Group:		
Current – Hong Kong	1,231	2,046
Deferred	—	—
	<u>1,231</u>	<u>2,046</u>
Tax charge for the period	<u>1,231</u>	<u>2,046</u>

6. Earnings/(loss) per share

	Six months ended	
	30 September	
	2004	2003
	(Unaudited)	(Unaudited and restated)
	HK\$'000	HK\$'000
<i>Earnings/(loss)</i>		
Net profit/(loss) attributable to shareholders used in basic earnings/(loss) per share calculations	<u>(12,446)</u>	<u>2,558</u>
<i>Shares</i>		
Number of ordinary shares in issue during the period used in basic earnings/(loss) per share calculations	<u>115,930,400</u>	<u>115,930,400</u>

The earnings per share for the six months ended 30 September 2003 has been restated to reflect the reduction in number of ordinary shares in issue to 115,930,400 shares as a result of the Capital Reorganisation (as detailed in note 12).

The diluted earnings/(loss) per share have not been disclosed as no diluting events existed during the six months ended 30 September 2003 and 2004.

7. Additions to fixed assets

During the period, the Group spent approximately HK\$365,000 (2003: HK\$57,000) to meet its operations.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

8. Long term investments

	30 September 2004 (Unaudited) HK\$'000	31 March 2004 (Audited) HK\$'000
Listed equity investments in Hong Kong, at market value	315	411
Unlisted investments, at fair value	<u>2,314</u>	<u>3,257</u>
	<u>2,629</u>	<u>3,668</u>

9. Gross amount due from/to contract customers

	30 September 2004 (Unaudited) HK\$'000	31 March 2004 (Audited) HK\$'000
Gross amount due from contract customers	94,781	84,798
Gross amount due to contract customers	<u>(102,076)</u>	<u>(61,827)</u>
	<u>(7,295)</u>	<u>22,971</u>
Contract costs incurred plus recognised profits less recognised losses and foreseeable losses to date	2,976,640	3,138,146
Less: Progress billings	<u>(2,983,935)</u>	<u>(3,115,175)</u>
	<u>(7,295)</u>	<u>22,971</u>

10. Trade and other receivables

	30 September 2004 (Unaudited) HK\$'000	31 March 2004 (Audited) HK\$'000
Trade receivables	91,873	108,948
Other receivables	<u>58,740</u>	<u>34,971</u>
	<u>150,613</u>	<u>143,919</u>

The Group grants its trade customers with credit period normally ranging from cash on delivery to 60 days. A longer credit period is granted to a few customers with long business relationships with the Group and strong financial positions.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

10. Trade and other receivables *(Continued)*

An ageing analysis for trade receivables as at the balance sheet date, based on invoice date and net of provisions for bad and doubtful debts, is as follows:

	30 September 2004 (Unaudited) HK\$'000	31 March 2004 (Audited) HK\$'000
0 – 30 days	35,825	78,411
31 – 60 days	12,428	17,261
61 – 90 days	10,417	6,010
Over 90 days	33,203	7,266
	<u>91,873</u>	<u>108,948</u>

11. Trade payables

An ageing analysis for trade payables as at the balance sheet date, based on invoice date, is as follows:

	30 September 2004 (Unaudited) HK\$'000	31 March 2004 (Audited) HK\$'000
0 – 30 days	13,190	13,725
31 – 60 days	13,388	8,805
Over 60 days	7,387	8,098
	<u>33,965</u>	<u>30,628</u>

12. Share capital

	30 September 2004 (Unaudited) HK\$'000	31 March 2004 (Audited) HK\$'000
<i>Authorised:</i>		
8,000,000,000 (as at 31 March 2004: 800,000,000) ordinary shares of HK\$0.01 (as at 31 March 2004: HK\$0.10) each	<u>80,000</u>	<u>80,000</u>
<i>Issued and fully paid:</i>		
115,930,400 (as at 31 March 2004: 463,721,600) ordinary shares of HK\$0.01 (as at 31 March 2004: HK\$0.10) each	<u>1,159</u>	<u>46,372</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (Continued)

12. Share capital (Continued)

A special resolution was passed by the shareholders of the Company during the special general meeting held on 16 September 2004 to approve the Capital Reorganisation, which included the Share Consolidation, the Capital Reduction, the Share Subdivision, the increase of authorised share capital, the cancellation of the share premium account of the Company, the elimination of the Company's accumulated losses as at 31 March 2004 and the transfer of the balance of the amount attributable to the cancellation of the share premium account to the contributed surplus account. Terms used in this interim report have the same meaning as those used in the Company's circular dated 24 August 2004.

After the completion of the Capital Reorganisation, the issued share capital of the Company was reduced from HK\$46,372,160 dividing into 463,721,600 shares of HK\$0.10 each to HK\$1,159,304 dividing into 115,930,400 shares of HK\$0.01 each. A sum of HK\$45,212,856 was transferred from the issued capital account to the accumulated losses account to set off part of the accumulated losses of the Company. The credit arising from the cancellation of the share premium account of HK\$110,631,927 was transferred partly to the accumulated losses account to set off the balance of the accumulated losses of the Company of HK\$63,722,800 and the remaining credit of HK\$46,909,127 was transferred to the Company's contributed surplus account.

13. Commitments

a. Capital commitments

As at 30 September 2004, the Group did not have any significant capital commitments.

b. Operating lease commitments

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

As at 30 September 2004, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2004 (Unaudited) HK\$'000	31 March 2004 (Audited) HK\$'000
Within one year	1,040	734
In the second to fifth years, inclusive	1,225	64
	<u>2,265</u>	<u>798</u>

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(Continued)*

14. Related party transactions

Particulars of significant transactions between the Group and related parties were summarized below:

	Six months ended	
	30 September	
	2004	2003
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Billing of building maintenance works and building services installation works to Chinney Construction Company, Limited (“Chinney Construction”) <i>(Note a)</i>	60,400	132,873
Purchase of merchandise from Chinney Alliance Engineering Limited <i>(Note b)</i>	613	506
Management fee paid to a 49.9% minority shareholder of Shun Wing Construction & Engineering Company Limited (“Shun Wing”), a subsidiary of the Company, for the provision of management services of a building maintenance contract	–	3,256
Sub-contracting charge paid to a 49.9% minority shareholder of Shun Wing for the completion of work orders of a building maintenance contract	<u>11,140</u>	<u>37,554</u>

Notes:

- a. *Chinney Construction is a company of which Wong Sai Wing, James and Chan Yuen Keung, Zuric are directors of and have indirect beneficial interests.*
- b. *Chinney Alliance Engineering Limited is a wholly-owned subsidiary of Chinney Alliance Group Limited, a company listed on The Stock Exchange of Hong Kong Limited and a substantial shareholder of the Company. Wong Sai Wing, James and Yu Sek Kee, Stephen are also the directors of Chinney Alliance Group Limited.*

Wong Sai Wing, James resigned as a director of the Company effective from 17 September 2004.

In the opinion of the directors of the Company, all the above transactions were undertaken in the normal course of business and were conducted on normal commercial terms on an arm's length basis.

15. Approval of interim financial statements

The unaudited condensed interim financial statements were approved and authorised for issue by the board of directors on 15 December 2004.