NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 2004

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's ultimate holding company is Top Synergy Associates Limited, a company which is incorporated in the British Virgin Islands.

The principal activities of the Group are manufacture, sales and installation of autoclaved aerated lightweight concrete blocks and panels ("ALC products") and properties investment.

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

In 2004, the Hong Kong Institute of Certified Public Accountants issued a number of new or revised Hong Kong Accounting Standards ("HKASs") and Hong Kong Financial Reporting Standards ("HKFRSs") (herein collectively referred to as "new HKFRSs") which are effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31st December, 2004.

The Group has commenced considering the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention as modified by revaluation of investment properties.

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

Basis of consolidation

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

The results of subsidiaries 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 have been eliminated on consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 at the date of acquisition.

Goodwill arising on acquisitions prior to 1st January, 2001 continues to be held in reserves, and will be charged to the income statement at the time of disposal of the relevant subsidiary, or at such time as the goodwill is determined to be impaired.

Goodwill arising on acquisitions after 1st January, 2001 is capitalised and amortised on a straight-line basis over its useful economic life of 10 years. Goodwill arising on the acquisition of an associate is included within the carrying amount of the associate. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

On disposal of a subsidiary or an associate, the attributable amount of unamortised goodwill/goodwill previously eliminated against or credited to reserves is included in the determination of the profit or loss on disposal.

Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary at the date of acquisition over the cost of acquisition.

Negative goodwill arising on acquisitions prior to 1st January, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary.

Negative goodwill arising on acquisitions after 1st January, 2001 is presented as deduction from assets and will be released to income based on an analysis of the circumstances from which the balance resulted.

To the extent that the negative goodwill is attributable to losses or expenses anticipated at the date of acquisition, it is released to income in the period in which those losses or expenses arise. The remaining negative goodwill is recognised as income on a straight-line basis over the remaining average useful life of the identifiable acquired depreciable assets. To the extent that such negative goodwill exceeds the aggregate fair value of the acquired identifiable non-monetary assets, it is recognised as income immediately.

Investments in subsidiaries

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 goodwill in so far as it has not already been amortised, less any identified impairment loss.

Revenue recognition

Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue from fixed price construction contracts is recognised on the percentage of completion method, measured by reference to the proportion that costs incurred to date bear to estimated total costs for each contract. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Others

Sales of goods are recognised when goods are delivered and title has passed.

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

Investment properties

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

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

On disposal of an investment property, the balance on the investment property revaluation reserve attributable to the property disposed is credited in the income statement.

No depreciation is provided on investment properties which are held on leases with an unexpired term of more than 20 years.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives, using the straight-line method, at the following rates per annum:

Leasehold land	Over the terms of the leases
Industrial buildings	Over the shorter of the terms of the leases, or 20 to 25 years
Leasehold improvements	Over the shorter of the terms of the leases or 10 years
Furniture and fixtures	10% – 33$^1/_3$%
Motor vehicles	20% – 33$^1/_3$%
Plant and machinery and equipment	5% – 50%

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

Inventories

Inventories are stated at the lower of cost and net realisable value.

The cost of inventories of ALC products comprises direct materials and, where applicable, direct labour costs and those production overheads that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method.

The cost of piles, metal products and welded wire mesh, which comprises cost of purchases and, where applicable, direct labour costs, sub-contractors' costs and those production overheads that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method.

Net realisable value represents the expected selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract costs are charged to the income statement by reference to the stage of completion of the contract activity at the balance sheet date, as measured by the proportion that costs incurred to date bear to estimated total costs for the contract.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Construction contracts *(Continued)*

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

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as an amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as an amount due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet as advances received. Amounts billed for work performed but not yet paid by the customers, are included in the balance sheet within trade and other receivables.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible 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 losses are 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, but so that 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.

Operating lease

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

Retirement benefit costs

Payments to defined contribution retirement benefit plan/the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Profits and losses arising on exchange are included in net profit or loss for the period.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's exchange reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

4. SEGMENT INFORMATION

Business segments

For management purposes, the Group is currently organised into two operating divisions – construction work contracting and sales of concrete products, and properties investment.

In December 2004, the Group entered into a conditional Sale and Purchase Agreement to dispose of entire issued capital in certain subsidiaries, all of which carried on property investment businesses. The property investment businesses became discontinued upon the completion of the disposal on 15th February, 2005.

In July 2003, the Group discontinued to sell steel products and manufacture and sell metal products. The net segment result of HK$3,438,000 represented the results of the subsidiaries disposed of during the period from 1st January, 2003 to 30th June, 2003.

Segment information about these businesses is presented below as primary segment information.

4. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

2004

	Continuing operation	Discontinuing operations			
	Construction work contracting and sales of concrete products *HK$'000*	Properties investment *HK$'000*	Sales of steel products *HK$'000*	Manufacture and sales of metal products *HK$'000*	Consolidated *HK$'000*
REVENUE					
External sales	68,053	41,194	–	–	109,247
Inter-segment sales	–	–	–	–	–
Total revenue	68,053	41,194	–	–	109,247

Inter-segment sales are charged at cost or cost plus a percentage profit mark-up.

SEGMENT RESULT	(149)	39,854	–	–	39,705
Amortisation of goodwill	–	(555)	–	–	(555)
Reversal of impairment loss in respect of property, plant and equipment	55,946	–	–	–	55,946
Unallocated corporate expenses					(1,732)
Profit from operations					93,364
Finance costs	–	(8,463)	–	–	(8,463)
Amortisation of goodwill in an associate					(166)
Share of results of an associate					(288)
Profit before taxation					84,447
Taxation					1,972
Net profit for the year					86,419

4. SEGMENT INFORMATION *(Continued)*

BALANCE SHEET

	Continuing operation	Discontinuing operations			
	Construction work contracting and sales of concrete products	Properties investment	Sales of steel products	Manufacture and sales of metal products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	135,817	627,415	–	–	763,232
Unallocated corporate assets					7,699
Consolidated total assets					770,931
LIABILITIES					
Segment liabilities	35,327	3,742	–	–	39,069
Unallocated corporate liabilities					343,706
Consolidated total liabilities					382,775

OTHER INFORMATION

	Continuing operation	Discontinuing operations				
	Construction work contracting and sales of concrete products	Properties investment	Sales of steel products	Manufacture and sales of metal products	Unallocated	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure	733	–	–	–	–	733
Depreciation	5,797	–	–	–	–	5,797
Allowance for bad and doubtful debts	1,369	–	–	–	–	1,369
Amortisation of goodwill	–	555	–	–	–	555
Amortisation of goodwill in an associate	–	–	–	–	166	166

4. SEGMENT INFORMATION *(Continued)*

2003

	Continuing operation	Discontinuing operations				
	Construction work contracting and sales of concrete products *HK$'000*	Properties investment *HK$'000*	Sales of steel products *HK$'000*	Manufacture and sales of metal products *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
REVENUE						
External sales	84,025	33,500	145	34,442	–	152,112
Inter-segment sales	–	–	–	2,687	(2,687)	–
Total revenue	84,025	33,500	145	37,129	(2,687)	152,112

Inter-segment sales are charged at cost or cost plus a percentage profit mark-up.

SEGMENT RESULT	11,453	32,824	(37)	3,475	–	47,715
Gain (loss) on disposal of interest in subsidiaries	505	–	(856)	(7,967)	–	(8,318)
Amortisation of goodwill	–	(463)	–	–	–	(463)
Unallocated corporate expenses						(2,827)
Profit from operations						36,107
Finance costs	(173)	(11,111)	–	(113)	–	(11,397)
Profit before taxation						24,710
Taxation						(3,879)
Net profit for the year						20,831

4. SEGMENT INFORMATION *(Continued)*

BALANCE SHEET

	Continuing operation	Discontinuing operations			
	Construction work contracting and sales of concrete products	Properties investment	Sales of steel products	Manufacture and sales of metal products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Segment assets	82,705	544,470	–	–	627,175
Unallocated corporate assets					2,119
Consolidated total assets					629,294
LIABILITIES					
Segment liabilities	36,380	10,331	–	–	46,711
Unallocated corporate liabilities					380,846
Consolidated total liabilities					427,557

OTHER INFORMATION

	Continuing operation	Discontinuing operations			
	Construction work contracting and sales of concrete products	Properties investment	Sales of steel products	Manufacture and sales of metal products	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Capital expenditure	557	505,986	–	147	506,690
Depreciation	5,151	–	–	1,822	6,973
Loss on disposal of property, plant and equipment	106	–	–	–	106
Allowance for bad and doubtful debts	11	–	–	97	108
Amortisation of goodwill	–	463	–	–	463

4. SEGMENT INFORMATION *(Continued)*

Geographical segments

More than 90% of the activities of the Group are based in Hong Kong and more than 90% of the Group's turnover and profit from operations during the year are derived from Hong Kong.

More than 90% of the Group's assets are located in Hong Kong and more than 90% of additions to property, plant and equipment during the year are incurred in Hong Kong.

5. OTHER OPERATING INCOME

	2004	2003
	HK$'000	*HK$'000*
Exchange gain, net	**8**	–
Interest income from		
– bank deposits	**6**	139
– loans receivable	**1,049**	722
Other service income	**–**	18
Property manager's remuneration	**–**	192
Sales of tools and materials	**–**	480
Sundry income	**3**	38
	1,066	1,589

6. REVERSAL OF IMPAIRMENT LOSS IN RESPECT OF PROPERTY, PLANT AND EQUIPMENT

During the year, the directors have reviewed the carrying values of the leasehold land and buildings by reference to a professional valuation made by Vigers Appraisal & Consulting Limited (formerly known as Vigers Hong Kong Limited), an independent firm of professional property valuers, on 30th April, 2004 on open market value basis. Impairment loss recognised before of HK$55,946,000 has been reversed accordingly. The directors consider that the value of the leasehold land and buildings as at 31st December, 2004 is not materially different from the professional valuation made as at 30th April, 2004.

7. PROFIT FROM OPERATIONS

	2004	2003
	HK$'000	*HK$'000*
Profit from operations has been arrived at after charging (crediting):		
Auditors' remuneration	**650**	855
Depreciation		
Owned assets	**5,797**	6,426
Assets held under finance leases	**–**	547
Exchange loss, net	**–**	29
Loss on disposal of property, plant and equipment	**–**	106
Minimum lease payments for operating leases in respect of		
– land and buildings	**695**	285
– plant and machinery and equipment	**–**	–
Rental income net of outgoings of HK$2,156,000 (2003: HK$951,000) *(Note a)*	**(39,038)**	(32,549)
Staff costs	**27,873**	31,165
Amount capitalised in contract work	**(13,216)**	(7,731)
	14,657	23,434

Notes:–

a. Including contingent rental income of HK$994,000 (2003: nil).

b. Minimum lease payments for operating leases in respect of a former director's accommodation amounting to approximately nil (2003: HK$303,000) are included under staff costs.

8. FINANCE COSTS

	2004	2003
	HK$'000	*HK$'000*
Interest on bank and other loans wholly repayable within five years	**8,463**	5,581
Interest on bank and other loans repayable after five years	**–**	5,614
Interest on finance leases	**–**	202
	8,463	11,397

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

	2004 **HK$'000**	2003 HK$'000
Fees:		
Executive	**–**	–
Non-executive	**–**	72
Independent non-executive	**240**	316
	240	388
Other emoluments:		
Executive		
Salaries and other benefits	**820**	1,734
Contribution to retirement benefits scheme	**32**	50
Compensation for loss of office	**–**	450
	852	2,234
	1,092	2,622

The directors' emoluments were within the following bands:

	2004 **Number of directors**	2003 Number of directors
Nil to HK$1,000,000	**6**	16
HK$1,000,001 – HK$1,500,000	**–**	–
HK$1,500,001 – HK$2,000,000	**–**	1
	6	17

No director waived any emoluments for the two years ended 31st December, 2004.

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments

The five highest paid individuals included one director (2003: two directors), details of whose emoluments are set out above. The emoluments of the remaining four individuals (2003: three individuals), are as follows:

	2004	2003
	HK$'000	*HK$'000*
Salaries and other benefits	**2,389**	1,843
Contribution to retirement benefits scheme	**124**	86
	2,513	1,929

Their emoluments were within the following band:

	2004	2003
	Number of employees	Number of employees
Nil to HK$1,000,000	**4**	3

10. DISCONTINUING OPERATIONS

On 30th December, 2004, the Company announced that a conditional Sale and Purchase Agreement was entered into among one of its indirectly wholly-owned subsidiary, the purchaser and the Company on 13th December, 2004 in respect of the disposal of entire issued capital in Best Goal International Limited and Double Worth Profits Limited, both are indirectly wholly-owned subsidiaries of the Company, which carried on property investment businesses, for a cash consideration of HK$650,000,000 (the "Disposal"). Details of the Disposal are set out in the Circular of the Company dated 20th January, 2005.

At the special general meeting held on 7th February, 2005, an ordinary resolution proposed to approve the Disposal and the new lease arrangement was duly passed by the shareholders. On 15th February, 2005, the board of directors announced that all conditions under the sale and purchase agreement were satisfied and the completion of the Disposal took place, and the new lease arrangement executed on the same date.

10. DISCONTINUING OPERATIONS *(Continued)*

The results of the discontinuing operations for each of the two years ended 31st December, 2004, which have been included in the consolidated income statement, were as follows:

	2004	2003
	HK$'000	*HK$'000*
Turnover	**41,194**	33,500
Cost of sales	**(2,157)**	(951)
Gross profit	**39,037**	32,549
Other operating income	**817**	275
Administrative expenses	**(15,125)**	(11,023)
Profit from operations	**24,729**	21,801
Finance costs	**(10,873)**	(9,239)
Profit before taxation	**13,856**	12,562
Taxation	**2,510**	(1,749)
Net profit for the year	**16,366**	10,813

The carrying amounts of the assets and liabilities of the discontinuing operations at 31st December, 2004 amounted to HK$629,607,000 and HK$337,764,000 (2003: HK$539,381,000 and HK$363,904,000), respectively.

During the year ended 31st December, 2004, the discontinuing operations generated HK$23,328,000 (2003: HK$17,783,000) in respect of the Group's operating activities, generated HK$5,784,000 (2003: used HK$348,491,000) in respect of the Group's investing activities, and used HK$25,629,000 (2003: generated HK$331,212,000) in respect of the Group's financing activities.

On 15th May, 2003, the Group entered into an agreement with Worldlight Group Limited ("WGL"), a wholly-owned subsidiary of Golik Holdings Limited, the former ultimate holding company of the Company, to dispose of the entire interest in certain subsidiaries, which carried out the businesses of sales of steel products, and manufacture and sales of metal products, for a cash consideration of HK$100,500,000. The disposal was effected in order to generate cash flow for the expansion of the Group's other businesses. Details of the transaction had been included in the announcement and circular of the Company dated 23rd May, 2003 and 13th June, 2003 respectively. The transaction was completed on 9th July, 2003.

10. DISCONTINUING OPERATIONS *(Continued)*

The results of the discontinuing operations for the period from 1st January, 2003 to 30th June, 2003, which have been included in the consolidated income statement, were as follows:

	1.1.2003 to 30.6.2003 *HK$'000*
Turnover	37,274
Cost of sales	(31,381)
Gross profit	5,893
Other operating income	31
Selling and distribution costs	(177)
Administrative expenses	(2,309)
Profit from operations	3,438
Finance costs	(113)
Profit before taxation	3,325
Taxation	(66)
Net profit for the period	3,259

The carrying amounts of the assets and liabilities of the discontinuing operations at 30th June, 2003 amounted to HK$69,476,000 and HK$18,278,000 respectively.

During the period from 1st January, 2003 to 30th June, 2003, the subsidiaries disposed of, comprising the discontinuing operations, generated HK$3,512,000 to the Group's net operating cash flows, used HK$138,000 in respect of investing activities and generated HK$3,247,000 in respect of financing activities.

11. TAXATION

	2004	2003
	HK$'000	*HK$'000*
The (credit) charge comprises:		
Hong Kong Profits Tax		
Current year	**970**	66
Underprovision in respect of prior years	**1,113**	3
	2,083	69
Deferred tax *(note 29)*		
Current year	**(4,055)**	3,547
Attributable to a change in tax rate in Hong Kong	**–**	263
	(4,055)	3,810
Tax (credit) charge	**(1,972)**	3,879

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for both years.

The tax (credit) charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2004	2003
	HK$'000	*HK$'000*
Profit before taxation	**84,447**	24,710
Tax at the Hong Kong Profits Tax rate of 17.5%	**14,778**	4,324
Tax effect of expenses not deductible for tax purpose	**397**	1,572
Tax effect of income not taxable for tax purpose	**(9,854)**	(138)
Increase in opening deferred tax resulting from an increase in applicable tax rate	**–**	263
Tax effect of tax losses not recognised	**–**	1,409
Utilisation of tax losses previously not recognised	**(3,768)**	(3,103)
Tax effect of tax losses previously not recognised but recognised in current year	**(2,618)**	–
Depreciation allowances claimed subsequently not agreed by the Inland Revenue Department and utilised in current year	**(1,967)**	–
Underprovision in respect of prior years	**1,113**	3
Effect of different tax rates of subsidiaries operating in other jurisdictions	**–**	(38)
Others	**(53)**	(413)
Tax (credit) charge for the year	**(1,972)**	3,879

12. DIVIDEND

On 16th June, 2003, a dividend of HK$0.003 per share was paid to shareholders as the final dividend in respect of 2002.

The directors do not recommend the payment of a dividend for the year.

13. EARNINGS PER SHARE

The calculation of earnings per share is based on the net profit for the year of HK$86,419,000 (2003: HK$20,831,000) and on 3,000,000,000 (2003: 3,000,000,000) ordinary shares in issue during the year.

Diluted earnings per share is not shown as there is no dilutive potential shares in existence during the year. The computation of diluted earnings per share during the year ended 31st December, 2003 did not assume the exercise of the Company's outstanding share options up to the date of expiry on 16th May, 2003 as the exercise price of the options was higher than the average market prices of shares during the period from 1st January, 2003 to 16th May, 2003 and accordingly, diluted earnings per share for 2003 was not presented.

14. INVESTMENT PROPERTIES

	HK$'000
THE GROUP	
VALUATION	
At 1st January, 2004	509,000
Surplus on revaluation	100,000
At 31st December, 2004	609,000

All the investment properties of the Group are situated in Hong Kong, held under medium-term leases, and are rented out under operating leases.

The investment properties of the Group were revalued on 31st December, 2004 by Vigers Appraisal & Consulting Limited (formerly known as Vigers Hong Kong Limited), an independent firm of professional property valuers, on an open market value basis. The surplus arising on revaluation of HK$100,000,000 is credited to the investment properties revaluation reserve.

Particulars of the investment properties of the Group as at 31st December, 2004 are set out on page 60.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land	Industrial buildings	Furniture and fixtures	Motor vehicles	Plant and machinery and equipment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
THE GROUP						
COST						
At 1st January, 2004	31,415	71,111	1,114	452	131,945	236,037
Additions	–	–	3	–	730	733
Disposals	–	–	–	–	(84)	(84)
At 31st December, 2004	31,415	71,111	1,117	452	132,591	236,686
DEPRECIATION						
At 1st January, 2004	26,648	63,617	1,083	378	103,798	195,524
Provided for the year	440	2,183	8	56	3,110	5,797
Impairment loss reversed	(21,270)	(34,676)	–	–	–	(55,946)
Eliminated on disposals	–	–	–	–	(84)	(84)
At 31st December, 2004	5,818	31,124	1,091	434	106,824	145,291
NET BOOK VALUES						
At 31st December, 2004	25,597	39,987	26	18	25,767	91,395
At 31st December, 2003	4,767	7,494	31	74	28,147	40,513

The leasehold land and industrial buildings of the Group are situated in Hong Kong and are held under medium-term leases.

16. GOODWILL

	HK$'000
THE GROUP	
COST	
At 1st January, 2004 and 31st December, 2004	5,552
AMORTISATION	
At 1st January, 2004	463
Amortised for the year	555
At 31st December, 2004	1,018
CARRYING AMOUNT	
At 31st December, 2004	4,534
At 31st December, 2003	5,089

Goodwill is amortised using the straight-line method over its estimated useful life of 10 years.

17. INVESTMENTS IN SUBSIDIARIES

	2004	2003
	HK$'000	*HK$'000*
Unlisted shares, at cost	**123,239**	123,239

17. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries at 31st December, 2004 are as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital	Proportion of nominal value of issued capital held by the Company Directly	Indirectly	Principal activities
Daido (BVI) Limited	British Virgin Islands	US$2 Ordinary shares	100%	–	Investment holding
Best Goal International Limited	British Virgin Islands	US$1 Ordinary shares	–	100%	Investment holding
Brilliant Gain Investments Limited	Hong Kong	HK$2 Ordinary shares	–	100%	Property investment
Daido Building Materials Limited	Hong Kong	HK$20 Ordinary shares HK$10,000 Non-voting deferred shares *	–	100%	Manufacture and sales of ALC products
Daido Home International Limited	Cayman Islands	HK$225,375,000 Ordinary shares HK$91,500,000 Convertible redeemable preference shares **	–	100%	Investment holding, sales and installation of ALC products and sales of building materials
Double Worth Profits Limited	British Virgin Islands	US$1 Ordinary shares	–	100%	Investment holding
Ultimate Profits Limited	Hong Kong	HK$2 Ordinary share	–	100%	Property investment
Ytong Hong Kong Limited	Hong Kong	HK$20 Ordinary shares HK$10,000 Non-voting deferred shares *	–	100%	Installation of ALC products

* The deferred shares practically carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the respective company or to participate in any distribution on winding up.

** The convertible redeemable preference shares of Daido Home International Limited carry 2% dividend per annum and have the right to receive notice of, attend, speak and vote at meetings of members only for those circumstances as mentioned in its Articles of Association.

17. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Except for the convertible redeemable preference shares of Daido Home International Limited, none of the subsidiaries had any debt security outstanding at the end of the year or at any time during the year.

The above table lists the subsidiaries of the Group which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excess length.

18. INTEREST IN AN ASSOCIATE

	2004	2003
	HK$'000	*HK$'000*
THE GROUP		
Share of net assets	**289**	–
Goodwill on acquisition of an associate	**1,423**	–
Amortisation	**(166)**	–
	1,257	–
	1,546	–

Goodwill is amortised using the straight-line method over its estimated useful life of 5 years.

As at 31st December, 2004, the Group has interest in the following associate:

Name	**Form of business structure**	**Place of incorporation and operation**	**Class of shares held**	**Proportion of nominal value of issue capital held indirectly by the Company**	**Principal activities**
iNeTalk.com Limited	Incorporated	Hong Kong	Ordinary	16% *(Note)*	Development and deployment of high quality Internet-based communication services

Note: This Company has been accounted for as an associate as, in the opinion of the directors, the Group is in a position to exercise significant influence over the management of this Company.

19. LONG-TERM RECEIVABLES

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Other loans *(note a)*	**13,406**	18,281
Retention receivables *(note b)*	**6,923**	6,115
	20,329	24,396
Less: amounts due within one year included in		
– trade and other receivables	**(1,730)**	(2,469)
– loans receivable *(note a)*	**(4,875)**	(4,875)
Amounts due after one year	**13,724**	17,052

(a) The other loans to the tenant of the Group's investment properties for the purpose of upgrading the machinery and equipment in the cold storage warehouses are secured, bear interest at Hong Kong Prime Lending Rate per annum and repayable by 16 quarterly instalments commencing on 19th December, 2003.

(b) The retention receivables were not yet due at the balance sheet date according to the provisions in the construction contracts and hence, no aged analysis is presented.

20. INVENTORIES

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Raw materials	**1,790**	1,474
Work in progress	**1,095**	407
Finished goods	**2,836**	2,822
Supplies	**208**	447
	5,929	5,150

Finished goods amounting to HK$1,024,000 (2003: nil) are carried at net realisable value.

21. TRADE AND OTHER RECEIVABLES

The Group allows a credit period ranging from 15 to 45 days to its customers.

Included in trade and other receivables are trade receivables with an aged analysis as follows:

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
0 – 30 days	**13,642**	14,786
31 – 60 days	**3,315**	7,565
61 – 90 days	**647**	4,666
91 – 120 days	**174**	1,780
More than 120 days	**1,286**	1,875
	19,064	30,672

22. LOANS RECEIVABLE

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Interest bearing at Hong Kong Prime Lending Rate plus 3% per annum	**3,000**	3,000
Interest bearing at Hong Kong Prime Lending Rate per annum	**4,875**	4,875
	7,875	7,875

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

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Contracts in progress at the balance sheet date:		
Contract costs incurred to date plus attributable profits less recognised losses	**137,400**	126,981
Progress payments received and receivable	**(150,945)**	(141,846)
	(13,545)	(14,865)
Analysed for reporting purposes as:		
Amounts due from customers for contract work	**–**	2
Amounts due to customers for contract work	**(13,545)**	(14,867)
	(13,545)	(14,865)

24. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables with an aged analysis as follows:

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
0 – 30 days	**3,111**	2,577
31 – 60 days	**2,588**	2,609
61 – 90 days	**850**	549
91 – 120 days	**–**	80
More than 120 days	**528**	64
	7,077	5,879

25. BORROWINGS

	THE GROUP	
	2004	2003
	HK$'000	*HK$'000*
Bank loans *(Note 1)*	**222,655**	254,531
Other loans *(Note 2)*	**115,391**	115,391
	338,046	369,922
The borrowings are repayable as follows:		
On demand or within one year	**150,865**	147,266
In the second year	**39,075**	35,475
In the third to fifth years inclusive	**148,106**	111,131
After five years	**–**	76,050
	338,046	369,922
Less: Amount due for settlement within one year shown under current liabilities	**(150,865)**	(147,266)
Amount due for settlement after one year	**187,181**	222,656

Notes:

1. The bank loans are secured by the Group's investment properties, an assignment of rental over the investment properties and the shares of certain subsidiaries, bear interest at prevailing market rate and repayable by instalments. The last instalment of one bank loan is repayable in September 2007 while another bank loan is repayable in June 2009.

2. The other loans are secured by the shares of certain subsidiaries, bear interest at Hong Kong Prime Lending Rate minus 2% per annum and repayable within one year. The loans are advanced from independent third parties.

26. SHARE CAPITAL

	Number of shares	**Amount**
		HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 31st December, 2003 and 2004	5,000,000,000	50,000
Issued and fully paid:		
At 31st December, 2003 and 2004	3,000,000,000	30,000

27. SHARE OPTION SCHEME

Pursuant to the Share Option Scheme (the "Option Scheme") of the Company adopted on 29th August, 2000 which became effective on 10th November, 2000 for the primary purpose of providing incentive to directors and eligible employees, and which will expire 10 years after the date of adoption, the directors of the Company may grant options to executive directors or full time employees of the Group to subscribe for shares in the Company at a price not less than 80% of the average of the closing prices of the Company's shares on the five trading days immediately preceding the offer of the options or the nominal value of the shares, whichever is the greater. The maximum number of shares in respect of which options may be granted under the Option Scheme may not exceed 10% of the issued share capital of the Company from time to time excluding any shares issued upon the exercise of options granted pursuant to the Option Scheme. No employee may be granted options which would enable him or her to subscribe for an aggregate of more than 25% of the aggregate number of shares under the Option Scheme. Upon acceptance of option, the grantee shall pay HK$1 to the Company as consideration.

The directors noted that an announcement was issued by the Stock Exchange on 23rd August, 2001 to introduce certain amendments to Chapter 17 (Equity Securities – Share Option Schemes) of The Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and that such amendments became effective on 1st September, 2001.

Prior to 1st September, 2001, the exercise price is determined by the directors of the Company at a price not less than 80% of the average of the closing prices of the shares on the Stock Exchange on the five trading days immediately preceding the date of offer of the options or the nominal value of the shares, whichever is the higher. With effect from 1st September, 2001, the exercise price is determined by the directors of the Company, and will not be less than the higher of the closing price of the Company's shares on the date of grant, and the average closing prices of the shares for the five business days immediately preceding the date of grant.

As the Option Scheme no longer complies with the amended rules in the Listing Rules governing share schemes, no further option can be granted under the Option Scheme from 1st September, 2001 unless the grant complies with the amended Chapter 17 of the Listing Rules. Nevertheless, options previously granted under the Scheme will continue to be exercisable in accordance with the Option Scheme.

27. SHARE OPTION SCHEME *(Continued)*

Details of movements during the two years ended 31st December, 2004 in the Company's share options held by employees (including former directors) are as follows:

Date granted	Exercisable period (Both dates inclusive)	Exercise price *HK$*	Number of share options at 1.1.2003	Lapsed during the year	Number of share options at 31.12.2003	Number of share options at 31.12.2004
16th November, 2000	16th May, 2001 to 15th May, 2003	0.063	135,000,000	(135,000,000)	–	–

No share option was granted or exercised during the year. The share options granted have been lapsed on 16th May, 2003.

28. RESERVES

	Contributed surplus *HK$'000*	Retained profits *HK$'000*	Total *HK$'000*
THE COMPANY			
As 1st January, 2003	93,239	949	94,188
Net profit for the year	–	7,225	7,225
Dividend paid	(9,000)	–	(9,000)
At 31st December, 2003	84,239	8,174	92,413
Net profit for the year	–	131	131
At 31st December, 2004	84,239	8,305	92,544

Note:

The contributed surplus of the Company represents the difference between the underlying net assets of the subsidiaries acquired by the Company as at the date of the group reorganisation and the nominal amount of the Company's share capital issued as consideration for the acquisition.

Under the Companies Act 1981 of Bermuda (as amended), 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) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

28. RESERVES *(Continued)*

Note: (Continued)

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

	2004 *HK$'000*	2003 *HK$'000*
Contributed surplus	**84,239**	84,239
Retained profits	**8,305**	8,174
	92,544	92,413

29. DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior years.

	Tax losses *HK$'000*	**Accelerated tax depreciation** *HK$'000*	**Total** *HK$'000*
At 1st January, 2003	4,320	(5,526)	(1,206)
Addition on acquisition of subsidiaries	–	(7,123)	(7,123)
Disposal of subsidiaries	–	5,526	5,526
Charge for the year	(3,253)	(294)	(3,547)
Effect on change in tax rate	405	(668)	(263)
At 31st December, 2003	1,472	(8,085)	(6,613)
Credit for the year	2,418	1,637	4,055
At 31st December, 2004	3,890	(6,448)	(2,558)

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2004 *HK$'000*	2003 *HK$'000*
Deferred tax assets	**942**	1,472
Deferred tax liabilities	**(3,500)**	(8,085)
	(2,558)	(6,613)

29. DEFERRED TAX *(Continued)*

At the balance sheet date, the Group has unused tax losses of approximately HK$151,000,000 (2003: HK$152,700,000) available for offset against future profits. A deferred tax has been recognised in respect of tax losses of HK$22,000,000 (2003: HK$8,400,000) of such losses. No deferred tax asset has been recognised in respect of the remaining tax losses of HK$129,000,000 (2003: HK$144,300,000) due to the unpredictability of future profit streams.

30. ACQUISITION OF SUBSIDIARIES

On 1st March, 2003, the Group acquired 100% of the issued share capital of Lubrano Properties Limited and its subsidiaries (the "Lubrano Group") for cash consideration of HK$75,635,000.

The effect of the acquisition is summarised as follows:

	2004	2003
	HK$'000	*HK$'000*
Investment properties	–	505,986
Other receivables	–	967
Bank balances and cash	–	4
Borrowings	–	(426,640)
Other payables	–	(3,111)
Deferred tax liabilities	–	(7,123)
Net assets acquired	–	70,083
Goodwill arising on acquisition *(Note)*	–	5,552
Cash consideration	–	75,635
Net cash outflow arising on acquisition		
Cash consideration	–	75,635
Bank balances and cash acquired	–	(4)
	–	75,631

Lubrano Group generated HK$29,057,000 from operating activities, and used HK$18,120,000 and HK$10,141,000 in respect of investing and financing activities respectively during the year ended 31st December, 2003.

Lubrano Group contributed HK$33,500,000 to the Group's turnover and HK$32,824,000 to Group's profit from operations during the year ended 31st December, 2003.

Note: An adjustment was made to the carrying amount of the assets and liabilities of the subsidiaries acquired in March 2003 by taken into account the deferred tax liabilities of HK$7,123,000, and consequently the goodwill arising on acquisition have been increased by an equivalent amount.

31. DISPOSAL OF SUBSIDIARIES

		2003		
	2004	**Construction work contracting and sales of concrete products**	**Sales of steel products and manufacture and sales of metal products**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Net assets disposed of:				
Property, plant and equipment	–	38,554	33,777	72,331
Long-term receivables	–	466	–	466
Rental deposits and other assets	–	511	–	511
Inventories	–	1,383	17,366	18,749
Trade and other receivables	–	18,611	15,462	34,073
Amounts due from former fellow subsidiaries	–	27	1,217	1,244
Tax recoverable	–	–	372	372
Bank balances and cash	–	1,928	1,282	3,210
Trade and other payables	–	(10,567)	(3,079)	(13,646)
Trust receipt loans	–	–	(5,982)	(5,982)
Amounts due to former fellow subsidiaries	–	(176)	(2,872)	(3,048)
Deferred tax liabilities	–	–	(5,526)	(5,526)
Obligations under finance leases	–	(6,325)	(819)	(7,144)
Net assets disposed of	–	44,412	51,198	95,610
Release of goodwill	–	–	11,069	11,069
Release of negative goodwill	–	–	(29)	(29)
Gain (loss) on disposal of interests in subsidiaries	–	505	(8,823)	(8,318)
Net consideration	–	44,917	53,415	98,332
Satisfied by:				
Cash consideration				100,500
Less: direct expenses	–			(2,168)
Net consideration	–			98,332
Net cash inflow arising on disposal:				
Cash consideration				98,332
Bank balances and cash disposed of	–			(3,210)
	–			95,122

31. DISPOSAL OF SUBSIDIARIES *(Continued)*

The subsidiaries disposed of during the year ended 31st December, 2003 used HK$23,804,000 in the Group's operating activities and generated HK$1,607,000 and HK$1,387,000 from the investing activities and financing activities respectively.

The subsidiaries disposed of during the year ended 31st December, 2003 contributed HK$41,983,000 to the Group's turnover and a loss of HK$150,000 to the Group's profit from operations.

32. PLEDGE OF ASSETS

At the balance sheet date, the Group has pledged its investment properties of HK$609,000,000 (2003: HK$509,000,000) as securities against bank loans granted to the Group.

In addition, the Group has pledged the shares of certain of its subsidiaries to a bank and other independent third parties as securities for bank and other loans granted for the Group (note 25).

33. CONTINGENT LIABILITIES

At the balance sheet date, the Group and the Company had the following contingent liabilities:

(i) Certain subsidiaries have been named as defendant in High Court actions in respect of injury claims from the workers with accidents occurred in 1999 and 2000 and the injury claims amounted to HK$7,500,000 (2003: HK$11,000,000). The directors are of the opinion that the major part of the claims are to be indemnified by main contractors of the relevant projects or covered by insurance policy of the Group and hence, will not give rise to any material adverse impact on the financial position of the Group. No provision has been made in the financial statements.

(ii) At 27th September, 2002, a Dangerous Hillside Order was issued by the Buildings Department requiring necessary improvement works to be carried out on the hillside adjacent to the investment properties held by the Group. Final tender for the relevant improvement works is still not ascertained at the date of the report. No provision has been made in the financial statements. In the opinion of the directors, the amount involved is insignificant and hence, will not give rise to any material adverse impact on the financial position of the Group.

(iii) The Company provided corporate guarantees to the extent of HK$270,000,000 (2003: HK$270,000,000) to banks to secure general banking facilities granted to certain subsidiaries. The total facilities utilised by the subsidiaries at 31st December, 2004 amounted to approximately HK$222,655,000 (2003: HK$254,531,000).

(iv) The Company provided corporate guarantee to the extent of HK$4,800,000 (2003: HK$2,600,000) to main contractors to secure the due performance of its subsidiaries in certain ALC panel projects.

34. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the commitment in respect of the acquisition of plant and equipment contracted for but not provided in the financial statements amounting to nil (2003: HK$216,000).

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

35. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and buildings, which fall due within one year, amounting to nil (2003: HK$440,000).

Leases are negotiated for terms of two years with fixed rentals over the terms of the leases.

The Group as lessor

At the balance sheet date, the Group had contracted for future minimum lease payments, which fall due within one year, amounting to HK$10,050,000 (2003: HK$10,050,000).

Leases are negotiated for terms of three years and can be terminated by surrendering three months' notice from the landlord or the tenant after the first year lease. Monthly rental are recognised over the terms of the leases.

Contingent rent income were calculated based on the excess of certain amount of turnover of the relevant operation that occupied the properties over the pre-determined monthly rentals agreed by both parties.

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

36. RETIREMENT BENEFITS SCHEMES

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The original ORSO Scheme operated by the Group were cancelled accordingly. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were switched to the MPF Scheme, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

In addition to the mandatory contribution of 5% of the payroll costs, the Group voluntary contributes 1% to 5%, depends on the year of service of the employee, to the MPF Scheme.

36. RETIREMENT BENEFITS SCHEMES *(Continued)*

Where there are employees who leave the ORSO Scheme and MPF Scheme prior to vesting fully in the contributions, the market value of the unvested portion will be refunded to the Group.

The total cost charged to the consolidated income statement of HK$852,000 (2003: HK$733,000) represents contributions payable to the MPF Scheme, after forfeited contributions utilised in the ORSO Scheme and MPF Scheme of HK$225,000 (2003: HK$491,000), by the Group during the year.

37. RELATED PARTY TRANSACTIONS

During the year and at the balance sheet date, the Group entered into the following transactions with related parties:

	Notes	**2004** **HK$'000**	2003 *HK$'000*
Purchases of goods from former fellow subsidiaries	*(a)*	**–**	3,364
Sales of goods to former fellow subsidiaries	*(a)*	**–**	561
Rent and infreight charges paid to a former fellow subsidiary	*(b)*	**–**	1
Office rent paid to a related company	*(c)*	**684**	285
Consultancy fee paid to ultimate holding company	*(c) and (e)*	**–**	900
Amount due to ultimate holding company	*(d)*	**–**	900

Notes:

(a) Purchases and sales of goods were carried out at cost plus a percentage profit mark up.

(b) Rent and infreight charges was charged at agreed price per ton.

(c) Office rent and consultancy fee were charged at terms agreed by the parties concerned.

(d) The amount was unsecured, interest-free and with no fixed repayment terms.

(e) The related company is beneficially held by Mr. To Shu Fai, a director of the Company.

In addition, on 15th May, 2003, the Group entered into an agreement with WGL to dispose of the entire interest in certain subsidiaries to WGL, for a cash consideration of approximately HK$100,500,000, which resulted at a loss on disposal of subsidiaries of approximately HK$8,318,000. The transaction was completed on 9th July, 2003. Details of the transaction had been included in the announcement and circular of the Company dated 23rd May, 2003 and 13th June, 2003 respectively.

38. POST BALANCE SHEET EVENT

Details of the post balance sheet event in respect of the Disposal have been set out in note 10.