



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

1. GENERAL

The Company was originally incorporated in the Cayman Islands but re-domiciled to Bermuda on 11 February 2004. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The principal activities of the Company’s principal subsidiaries, associate and jointly controlled entity are set out in note 39.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong, and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance.

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

In 2004, the HKICPA has 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 1 January 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 31 March 2005.

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.

Basis of consolidation

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

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

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

2. 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, associate or jointly controlled entity at the date of acquisition.

Goodwill arising on acquisitions is capitalised and amortised on a straight line basis over its useful economic life. Goodwill arising on the acquisition of an associate or a jointly controlled entity is included within the carrying value of the associate or jointly controlled entity. Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

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.

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 in income immediately.

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the consolidated balance sheet as a deduction from assets and is released to income based on an analysis of the circumstances from which the balance resulted.

Turnover

Turnover represents the total value of construction contract work carried out and certified and the total value of maintenance work orders performed, and the gross amounts received and receivable for goods sold, less returns and allowances, during the year.

Revenue recognition

Revenue from fixed price construction contracts is recognised according to the stage of completion of the contract, measured by reference to the value of work carried out and certified during the year.

Revenue from maintenance contracts is recognised according to the value of individual work orders performed.

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

Sales of investments in securities are recognised on a trade-date basis.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

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

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

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

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 goodwill on acquisition in so far as it has not already been written off or amortised, less any identified impairment loss.

Joint ventures

A joint venture is a contractual arrangement whereby the Group and other parties undertake an economic activity which is subject to joint control and over which none of the participating parties has unilateral control.

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 post-acquisition results of jointly controlled entities is included in the consolidated income statement.

Investment properties

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

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

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

No depreciation is provided on investment properties except where the unexpired term of the relevant lease is 20 years or less.

Property, plant and equipment

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

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

Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, and after taking into account their estimated residual value, using the straight line method, at the following annual rates:

Buildings	5%
Leasehold improvements	25%
Motor vehicles	15%
Furniture, fixtures and equipment	15% – 25%

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as assets owned by the Group.

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



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 an expense in the period in which they are incurred. Foreseeable losses are recognised as an expense as soon as they are anticipated by management.

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

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 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, such 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.

Cash and cash equivalents

Cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value, having been within three months of maturity at acquisition. For the purpose of the cash flow statement, bank overdrafts which are repayable on demand and form an integral part of an enterprise's cash management are also included as a component of cash and cash equivalents.

Leases

Leases are classified as finance leases when the terms of the lease transfers substantially all the risks and rewards of ownership of the assets concerned to the Group. Assets held under finance leases are capitalised at their fair value at the date of acquisition. The corresponding liability to the lessor, net of interest charges, is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the period of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

All other leases are classified as operating leases and the rentals are charged to the income statement on a straight line basis over the relevant lease term.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which represent 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 year in which they are incurred.

Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange prevailing on the dates of the transactions or at the contracted settlement rate. 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 the income statement.

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 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 as expenses in the period in which the operation is disposed of.

Retirement benefits schemes

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

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Taxation

The charge for taxation is based on the results for the year as adjusted for items which are non-assessable or disallowable. Hong Kong profits tax is provided at the rate prevailing for the year based on the assessable profit for the year less allowable losses, if any, brought forward.

Deferred taxation is provided in full, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred taxation is also dealt with in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

3. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The principal activity of the Group is acting as contractor of construction and maintenance work. The construction and maintenance work division is the principal business segment of the Group.

Until, and including 30 October 2003, the Group was also engaged in manufacturing and trading activities. These operations were disposed of on 31 October 2003.

Segment information about these businesses is presented below:

INCOME STATEMENT

For the year ended 31 March 2005

	Construction and maintenance work HK\$'000	Others HK\$'000	Consolidated HK\$'000
TURNOVER			
External sales	1,026,600	928	1,027,528
RESULTS			
Segment results	7,429	30	7,459
Unallocated other operating income			7,166
Unallocated corporate expenses			(629)
Profit from operations			13,996
Finance costs			(1,944)
Share of results of an associate	–	405	405
Share of results of a jointly controlled entity	190	–	190
Gain on disposal of subsidiaries	–	120	120
Profit before taxation			12,767
Taxation			3,110
Profit before minority interests			9,657

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

BALANCE SHEET

At 31 March 2005

	Construction and maintenance work HK\$'000	Others HK\$'000	Consolidated HK\$'000
ASSETS			
Segment assets	707,028	26,602	733,630
Interest in an associate	–	9,883	9,883
Interest in a jointly controlled entity	–	188	188
Unallocated corporate assets			95,346
Consolidated total assets			839,047
LIABILITIES			
Segment liabilities	502,210	1,328	503,538
Unallocated corporate liabilities			150,943
Consolidated total liabilities			654,481

OTHER INFORMATION

For the year ended 31 March 2005

	Construction and maintenance work HK\$'000	Corporate and others HK\$'000	Consolidated HK\$'000
Capital expenditure	2,744	–	2,744
Amortisation of goodwill	3,077	–	3,077
Depreciation of property, plant and equipment	1,912	19	1,931
Provision for bad and doubtful debts	10,500	–	10,500
Surplus on revaluation of investment properties	–	5,000	5,000

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

INCOME STATEMENT

For the year ended 31 March 2004

	Continuing operations		Discontinued operations	
	Construction and maintenance work	Others	Manufacturing and trading	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
TURNOVER				
External sales	1,339,749	1,034	44,991	1,385,774
RESULTS				
Segment results	17,612	(2,163)	(127)	15,322
Unallocated other operating income				4,244
Unallocated corporate expenses				(455)
Profit from operations				19,111
Finance costs				(2,492)
Share of results of an associate	–	(3,042)	–	(3,042)
Share of results of a jointly controlled entity	209	–	–	209
Gain on disposal of subsidiaries	–	–	382	382
Loss on disposal of jointly controlled entity	–	(447)	–	(447)
Loss on disposal of associates	–	(362)	–	(362)
Profit before taxation				13,359
Taxation				4,774
Profit before minority interests				8,585

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

BALANCE SHEET

At 31 March 2004

	Continuing operations		Discontinued operations	
	Construction and maintenance work	Others	Manufacturing and trading	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS				
Segment assets	661,799	21,161	56	683,016
Interest in an associate	–	9,515	–	9,515
Interest in a jointly controlled entity	–	1,988	–	1,988
Unallocated corporate assets				87,807
Consolidated total assets				782,326
LIABILITIES				
Segment liabilities	587,142	1,222	12	588,376
Unallocated corporate liabilities				48,193
Consolidated total liabilities				636,569

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

OTHER INFORMATION

For the year ended 31 March 2004

	Continuing operations		Discontinued operations	Consolidated HK\$'000
	Construction and maintenance work HK\$'000	Corporate and others HK\$'000	Manufacturing and trading HK\$'000	
Capital expenditure	2,128	24	3,249	5,401
Amortisation of goodwill	1,406	–	–	1,406
Depreciation of property, plant and equipment	1,598	33	5,033	6,664
Provision for bad and doubtful debts	493	–	–	493

Geographical segments

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

The following table provides an analysis of the Group's turnover and profit from operations by geographical market, irrespective of the origin of the goods or services:

	Turnover		Contribution to profit from operations	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Hong Kong	1,027,528	1,341,249	10,614	15,932
PRC	–	3,819	(186)	(610)
Other Asia Pacific countries	–	40,706	–	–
	1,027,528	1,385,774	10,428	15,322
Unallocated other operating income			4,197	4,244
Unallocated corporate expenses			(629)	(455)
Profit from operations			13,996	19,111

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

3. BUSINESS AND GEOGRAPHICAL SEGMENTS (Continued)

Geographical segments

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

	Carrying amount of segment assets		Capital expenditure	
	At 31 March 2005 HK\$'000	At 31 March 2004 HK\$'000	Year ended 31 March 2005 HK\$'000	Year ended 31 March 2004 HK\$'000
Hong Kong	733,630	676,364	2,744	2,153
PRC	–	6,652	–	3,248
	733,630	683,016	2,744	5,401

4. PROFIT FROM OPERATIONS

Profit from operations has been arrived at after (crediting) and charging the following:

	Group	
	2005 HK\$'000	2004 HK\$'000
Staff costs, including directors' emoluments		
– basic salaries and allowances	25,693	31,342
– retirement benefits scheme contributions, net of forfeited contributions of HK\$288,000 (2004: HK\$923,000)	905	135
	26,598	31,477
Amortisation of goodwill (included in administrative expenses)	3,077	1,406
Auditors' remuneration	800	663
Surplus arising on revaluation of investment properties (included in other operating income)	(2,968)	–
Depreciation of property, plant and equipment	1,931	6,664
Loss on disposal of property, plant and equipment	196	519
Provision for bad and doubtful debts	10,500	493
Interest income from loans receivable	(356)	(1,205)
Other interest income	–	(1,088)
Rental income from investment properties under operating leases, less outgoings of HK\$38,000 (2004: HK\$91,000)	(597)	(648)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

5. 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

	Group	
	2005	2004
	HK\$'000	HK\$'000
Fees:		
Executive directors	–	–
Non-executive director	24	133
Independent non-executive directors	318	193
	342	326
Other emoluments for executive directors:		
Salaries and other benefits	3,928	4,084
Retirement benefits scheme contributions	152	184
	4,080	4,268
	4,422	4,594

The aggregate emoluments of each of the directors during the relevant periods are within the following bands:

	Number of directors	
	2005	2004
Up to HK\$1,000,000	8	8
HK\$1,000,001 to HK\$1,500,000	2	2

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

5. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (Continued)

(b) Employees' emoluments

The five highest paid individuals in the Group included three directors (2004: two directors), details of whose emoluments are included in the disclosures in note 5 (a) above. The emoluments of the remaining two individuals (2004: three individuals) are as follows:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Salaries and other benefits	1,722	2,577
Retirement benefits scheme contributions	102	137
	1,824	2,714

The aggregate emoluments of each of the remaining individuals during the relevant periods are within the following bands:

	Number of individuals	
	2005	2004
Up to HK\$1,000,000	2	3

6. FINANCE COSTS

	Group	
	2005	2004
	HK\$'000	HK\$'000
Interest on bank borrowings wholly repayable within five years	1,692	2,488
Interest on finance leases	46	4
Interest on other loan	206	—
	1,944	2,492

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

7. TAXATION

(a) Tax charge in consolidated income statement represents:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Current tax	2,021	—
Share of tax on results of a jointly controlled entity	38	1
	2,059	1
Deferred tax		
Current	1,051	5,356
Attributable to an increase in tax rate	—	(583)
	3,110	4,774

Hong Kong profits tax is provided at 17.5% (2004: 17.5%) based on the assessable profit for the year.

No provision for Hong Kong profits tax has been made in the Company's financial statements as the Company has no assessable profit for the year.

In the opinion of the directors, the Group and the Company are not subject to taxation in other jurisdictions in which it operates.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

7. TAXATION (Continued)

(b) Reconciliation between tax charge and accounting profit at applicable tax rates:

	Group	
	2005	2004
	HK\$'000	HK\$'000
Profit before taxation	12,767	13,359
Tax at Hong Kong profits tax of 17.5% (2004: 17.5%)	2,234	2,338
Tax effect of income that is not taxable in determining taxable profit	(682)	(463)
Tax effect of expenses that are not deductible in determining taxable profit	860	1,595
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(33)	(32)
Tax effect of unused tax losses not recognised	1,808	1,919
Tax effect of utilisation of tax losses not previously recognised	(1,077)	–
Increase in opening deferred tax resulting from an increase in tax rate	–	(583)
Tax charges for the year	3,110	4,774

8. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit attributable to shareholders for the year of HK\$9,661,000 (2004: HK\$8,587,000) and on the weighted average number of approximately 204,411,000 (2004: 140,571,000) shares in issue during the year.

The weighted average number of ordinary shares in issue for the year 2004 was restated as if the share consolidation and the rights issue as described in note 26 have taken place on 1 April 2003.

There is no diluted earnings per share since the Company has no dilutive potential shares.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

9. INVESTMENT PROPERTIES

	Group HK\$'000
At 1 April 2004	12,000
Surplus on revaluation	5,000
At 31 March 2005	17,000

The Group's investment properties were revalued at 31 March 2005 on an open market value basis by Chesterton Petty Limited, an independent firm of professional property valuers, at HK\$17,000,000. The valuation resulted in a surplus of HK\$5,000,000 of which HK\$2,968,000 and HK\$2,032,000 was credited to the income statement and revaluation reserve respectively.

All of the Group's investment properties, which are held for rental income under operating leases, are situated in Hong Kong and are held under medium-term leases.

10. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK\$'000	Leasehold improvements HK\$'000	Motor vehicles HK\$'000	Furniture, fixtures and equipment HK\$'000	Total HK\$'000
GROUP					
Cost					
At 1 April 2004	1,822	3,159	2,264	8,678	15,923
Additions	–	1,339	336	1,069	2,744
Disposals	–	(2,630)	(518)	(54)	(3,202)
At 31 March 2005	1,822	1,868	2,082	9,693	15,465
Accumulated depreciation					
At 1 April 2004	–	2,632	918	4,445	7,995
Charge for the year	–	514	311	1,106	1,931
Disposals	–	(2,508)	(218)	(13)	(2,739)
At 31 March 2005	–	638	1,011	5,538	7,187
Net book value					
At 31 March 2005	1,822	1,230	1,071	4,155	8,278
At 31 March 2004	1,822	527	1,346	4,233	7,928

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

The net book value of motor vehicles of the Group at 31 March 2005 includes an amount of HK\$388,000 (2004: HK\$334,000) in respect of assets held under finance leases.

The net book value of property interests held by the Group as at the balance sheet date comprises:

	2005 HK\$'000	2004 HK\$'000
Leasehold land and buildings held under medium-term leases and situated in Hong Kong	1,822	1,822

11. GOODWILL

	Group HK\$'000
Cost	
At 1 April 2004 and at 31 March 2005	31,645
Amortisation	
At 1 April 2004	1,406
Charge for the year	3,077
At 31 March 2005	4,483
Net book value	
At 31 March 2005	27,162
At 31 March 2004	30,239

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

12. INTEREST IN SUBSIDIARIES

	Company	
	2005 HK\$'000	2004 HK\$'000
Unlisted shares, at cost	100,850	101,850
Loans to subsidiaries (note below)	237,210	237,210
Amounts due from subsidiaries, less provision	162,446	57,324
	500,506	396,384

Note: Loans to subsidiaries include an amount of HK\$237,200,000 (2004: HK\$237,200,000) advanced to Dickson Construction Company, Limited (“DCCL”). Pursuant to two deeds (2004: two deeds) of agreement (the “Agreement”) signed amongst the Company, DCCL and The Government of the Hong Kong Special Administrative Region (the “Government”), the Company has agreed and undertaken to DCCL and the Government that it will not demand repayment of the loans to DCCL during the continuance of the Agreement. The Agreement can be terminated provided that any party to the Agreement gives to the other parties three months notice in writing. The Company is also required, from time to time as and when required by the Government, to provide additional capital to DCCL so as to maintain the level of DCCL’s working capital required by the Government for the performance of all Government contracts undertaken by DCCL.

The balances due from subsidiaries are unsecured, interest free and, other than the amount due from DCCL described above, have no fixed repayment terms. In the opinion of the directors, the amounts will not be repaid within twelve months of the balance sheet date and they are therefore shown as non-current assets.

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

Particulars of the Company’s principal subsidiaries as at 31 March 2005 are set out in note 39.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

13. INTEREST IN AN ASSOCIATE

	Group	
	2005	2004
	HK\$'000	HK\$'000
Share of net assets	9,157	8,298
Goodwill (note below)	726	1,217
	9,883	9,515
Market value of listed securities in Hong Kong	5,606	4,672

Details of the Company's principal associate as at 31 March 2005 are set out in note 39.

Note:

Movements during the year in goodwill arising on acquisition of associate are as follows:

	HK\$'000
Cost	
At 1 April 2004 and at 31 March 2005	2,456
Amortisation	
At 1 April 2004	1,239
Charge for the year	491
At 31 March 2005	1,730
Net book value	
At 31 March 2005	726
At 31 March 2004	1,217

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

14. INTEREST IN A JOINTLY CONTROLLED ENTITY

	Group	
	2005	2004
	HK\$'000	HK\$'000
Share of net assets	188	32
Amounts due from jointly controlled entity, less provision	–	1,956
	188	1,988

Details of the Group's jointly controlled entity as at 31 March 2005 are set out in note 39.

15. PREPAYMENT FOR ACQUISITION OF INVESTMENT PROPERTY

The amount represents a prepayment of consideration in connection with the acquisition of a property in the PRC. Subsequent to the balance sheet date, the transaction was completed (see note 40).

16. DEFERRED TAX ASSETS

The movement for the year in the net deferred tax position of the Group is as follows:

	2005	2004
	HK\$'000	HK\$'000
At 1 April	3,311	6,291
Deferred tax assets of subsidiaries acquired during the year	–	2,100
Charge to the consolidated income statement	(1,018)	(5,080)
At 31 March	2,293	3,311

The major deferred tax assets recognised by the Group are as follows:

	2005	2004
	HK\$'000	HK\$'000
Accelerated tax depreciation	(111)	(62)
Retirement benefit obligations	53	263
Tax losses	2,351	3,110
	2,293	3,311

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

16. DEFERRED TAX ASSETS (Continued)

At the balance sheet date the Group has unused tax losses of HK\$41,900,000 (2004: HK\$44,800,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$12,200,000 (2004: HK\$17,800,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$29,700,000 (2004: HK\$27,000,000) due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

At the balance sheet date the Company has unused tax losses of HK\$252,000 (2004: HK\$262,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The tax losses may be carried forward indefinitely.

Temporary differences arising in connection with interests in subsidiaries, associates and jointly controlled entities are insignificant.

Company

No provision for deferred taxation has been made in the financial statements as the tax effect of temporary differences is immaterial to the Company.

17. AMOUNTS DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	Group	
	2005 HK\$'000	2004 HK\$'000
Contracts in progress at the balance sheet date:		
Contract costs incurred to date	1,203,110	1,577,776
Recognised profits less recognised losses	35,961	67,141
	1,239,071	1,644,917
Less: Progress billings	(1,049,500)	(1,603,935)
	189,571	40,982
Represented by:		
Amounts due from customers included in current assets	199,451	58,983
Amounts due to customers included in current liabilities	(9,880)	(18,001)
	189,571	40,982

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

18. TRADE AND OTHER RECEIVABLES

The credit terms granted by the Group to its trade customers normally range from 30 days to 90 days.

Included in trade and other receivables are trade receivables of HK\$330,244,000 (2004: HK\$444,068,000) whose ageing analysis is as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
Current	314,390	438,214
1 – 30 days overdue	–	–
31-60 days overdue	–	–
Over 60 days overdue	15,854	5,854
	330,244	444,068

At 31 March 2005, retentions held by customers for contract work amounted to HK\$78,204,000 (2004: HK\$48,924,000).

19. AMOUNT DUE FROM A JOINTLY CONTROLLED ENTITY

The amount due is unsecured, interest free and with no fixed repayment terms.

20. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$412,266,000 (2004: HK\$472,428,000) whose ageing analysis is as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
Current	412,266	472,428

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

21. AMOUNT DUE TO A JOINTLY CONTROLLED ENTITY

The amount due is unsecured, interest bearing at Hong Kong dollar prime rate and repayable within one year.

22. AMOUNT DUE TO A MINORITY SHAREHOLDER OF A SUBSIDIARY

The amount due is unsecured, interest free and with no fixed repayment terms.

23. BORROWINGS

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Bank loans	112,747	24,908	—	—
Bank overdrafts	22,983	18,088	—	—
Other loan	5,000	—	5,000	—
	140,730	42,996	5,000	—
Analysed as:				
Secured	135,730	42,650	—	—
Unsecured	5,000	346	5,000	—
	140,730	42,996	5,000	—

Other loan is unsecured, interest bearing at Hong Kong dollar prime rate and with no fixed repayment terms.

The borrowings are repayable as follows:

	Group		Company	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Within one year or on demand	85,230	42,996	5,000	—
Within second to fifth year	55,500	—	—	—
	140,730	42,996	5,000	—

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

24. OBLIGATIONS UNDER FINANCE LEASES

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Amounts payable under finance leases:				
Within one year	209	205	189	185
In the second to fifth year inclusive	173	188	155	170
	382	393	344	355
Less: Future finance charges	(38)	(38)	–	–
Present value of lease obligations	344	355	344	355
Less: Amount due within one year and shown under current liabilities			(189)	(185)
Amount due after one year			155	170

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term is three years. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' charges over the leased assets (see note 10).

25. AMOUNTS DUE TO SUBSIDIARIES

The amounts due are unsecured, interest free and have no fixed repayment terms. In the opinion of the directors, the amounts will not be repaid within twelve months of the balance sheet date and are therefore shown as non-current.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

26. SHARE CAPITAL

	Company	
	2005 HK\$'000	2004 HK\$'000
Share		
Authorised:		
4,000,000,000 ordinary shares of HK\$0.05 each (2004: 20,000,000,000 ordinary shares of HK\$0.01 each)	200,000	200,000
Issued and fully paid:		
314,874,303 ordinary shares of HK\$0.05 each (2004: 771,961,963 ordinary shares of HK\$0.01 each)	15,744	7,720

- (a) Pursuant to a sale and purchase of shares agreement dated 30 September 2003 entered into between a wholly-owned subsidiary and Mr. Mok Yu Hon (the “vendor”), the Group acquired from the vendor 100% interest in the issued share capital of Joint Wealthy Holdings Limited (“Joint Wealthy”). The total consideration for the acquisition of the 100% interest in Joint Wealthy was HK\$21.2 million, which was satisfied by the Company’s issue of 110 million ordinary shares of HK\$0.1 each in the capital of the Company at a price of HK\$0.12 per share and by cash of HK\$8 million. The acquisition was completed on 31 October 2003.
- (b) On 5 September 2003 and 19 December 2003, convertible bonds of HK\$4 million and HK\$6 million respectively were converted into 40 million and 60 million ordinary shares of HK\$0.1 each respectively.
- (c) Pursuant to a special resolution passed on 20 January 2004 the nominal value of the issued shares of the Company was reduced from HK\$0.1 to HK\$0.01 by the cancellation of paid up capital of HK\$0.09 on each issued share. The credit arising from the capital reduction of approximately HK\$69,476,000 was credited to contributed surplus account of the Company.
- (d) On 20 January 2004, pursuant to the same resolution in (c) above, each of the unissued shares of HK\$0.1 each for the authorised share capital of the Company was subdivided into 10 new shares of HK\$0.01 each.
- (e) On 20 August 2004, convertible bonds of HK\$5.4 million were converted into 154,285,714 ordinary shares of HK\$0.01 each.
- (f) During the year, a rights issue (“Rights Issue”) of one rights share for every two existing shares held by members on the register of member on 31 January 2005 was made at an issue price of HK\$0.035 per rights share, resulting in the issue of 463,123,838 shares of HK\$0.01 each for a total cash consideration, after expenses, of approximately HK\$15.2 million. The net proceeds of the Rights Issue were used as additional working capital for operating activities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

26. SHARE CAPITAL (Continued)

- (g) On 2 February 2005, the Company has entered into a placing agreement with a placing agent in relation to the placing of 185,000,000 new shares to not less than 6 independent investors at the placing price of HK\$0.036 per share. The placing price represented (i) a discount of approximately 12.2% to the closing price of HK\$0.041 per share as quoted on the Stock Exchange on 2 February 2005; (ii) a discount of approximately 14.29% to the average of the closing price per share of HK\$0.042 as quoted on the Stock Exchange for the last ten trading days ended 2 February 2005; and (iii) a discount of approximately 77.07% when compared with the net asset value per share of HK\$0.157 as at 31 March 2004.
- (h) Pursuant to an ordinary resolution passed in a special general meeting on 21 March 2005, a share consolidation was effected that every five shares of issued and unissued shares of the Company's share capital were consolidated into one consolidated share. The nominal value of the share capital of the Company was increased from HK\$0.01 to HK\$0.05 each.

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

A summary of the transactions during the year with reference to the above movements in the Company's issued ordinary share capital is as follows:

	Note	Number of shares in issue '000	Share capital HK\$'000	Share premium HK\$'000	Total HK\$'000
At 1 April 2003		561,962	56,196	117,071	173,267
Issue of new shares for the acquisition of subsidiaries	(a)	110,000	11,000	2,200	13,200
Conversion of convertible bonds to new shares	(b)	100,000	10,000	–	10,000
Capital reduction	(c)	–	(69,476)	–	(69,476)
At 31 March 2004		771,962	7,720	119,271	126,991
Conversion of convertible bonds to new shares	(e)	154,286	1,543	3,857	5,400
Rights issue of shares	(f)	463,124	4,631	10,581	15,212
Issue of new shares by way of placement	(g)	185,000	1,850	4,781	6,631
		1,574,372	15,744	138,490	154,234
Consolidation of shares	(h)	(1,259,498)	–	(123)	(123)
At 31 March 2005		314,874	15,744	138,367	154,111

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

27. RESERVES

Company

	Share premium HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 April 2003	117,071	–	109	(67,048)	50,132
Premium arising on conversion of convertible bonds to shares	2,200	–	–	–	2,200
Capital reduction	–	69,476	–	–	69,476
Loss for the year	–	–	–	(40)	(40)
At 31 March 2004	119,271	69,476	109	(67,088)	121,768
Conversion of convertible notes to shares	3,857	–	–	–	3,857
Rights issue of shares	11,578	–	–	–	11,578
Issue of new shares by way of placement	4,810	–	–	–	4,810
Expenses incurred in connection with issue of shares	(1,026)	–	–	–	(1,026)
Expenses incurred in connection with consolidation of shares	(123)	–	–	–	(123)
Loss for the year	–	–	–	(338)	(338)
At 31 March 2005	138,367	69,476	109	(67,426)	140,526

The loss attributable to shareholders dealt with in the financial statements of the Company is HK\$338,000 (2004: HK\$40,000).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

28. DISPOSAL OF SUBSIDIARIES

	2005 HK\$'000	2004 HK\$'000
Net assets disposed of:		
Property, plant and equipment	–	37,008
Inventories	–	5,247
Trade and other receivables	930	24,470
Bank balances and cash	–	596
Trade and other payables	–	(46,863)
Bank loans	–	(16,840)
	930	3,618
Gain on disposal of subsidiaries	120	382
	1,050	4,000
Satisfied by:		
Cash	123	4,000
Assignment of trade receivables	927	–
	1,050	4,000
Net cash inflow arising on disposal of these subsidiaries:		
	2005 HK\$'000	2004 HK\$'000
Bank balances disposed of	–	(596)
Cash consideration	123	4,000
	123	3,404

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

29. PURCHASE OF SUBSIDIARIES

	2005 HK\$'000	2004 HK\$'000
Net assets acquired:		
Plant and equipment	–	838
Deferred tax assets	–	2,100
Amounts due from contract customers	–	6,738
Trade and other receivables	–	37,597
Bank balances and cash	–	135
Trade and other payables	–	(49,399)
Tax payable	–	(27)
Amounts due to group companies	–	(6,809)
Bank overdrafts	–	(1,618)
	–	(10,445)
Goodwill arising on acquisition	–	31,645
	–	21,200
Satisfied by:		
Cash paid on acquisition	–	8,000
Allotment of ordinary shares	–	13,200
	–	21,200
Analysis of net outflow of cash and cash equivalents in connection with purchase of the subsidiary:		
	2005 HK\$'000	2004 HK\$'000
Bank overdraft acquired	–	(1,618)
Bank balances and cash acquired	–	135
Cash paid on acquisition	–	(8,000)
Net outflow of cash and cash equivalents in connection with the purchase of the subsidiary	–	(9,483)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

30. MAJOR NON-CASH TRANSACTIONS

- (a) During the year ended 31 March 2005, the Group entered into finance leases in respect of the acquisition of property, plant and equipment. The total capital value at the inception of the leases was HK\$133,000.
- (b) During the year ended 31 March 2004, the Group acquired 100% interest in the share capital of Joint Wealthy Holdings Limited at a consideration of HK\$21,200,000 which was satisfied by the issue of 110 million ordinary shares of HK\$0.1 each at a price of HK\$0.12 per share and by cash of HK\$8 million.
- (c) During the year ended 31 March 2004, the Group entered into finance leases in respect of the acquisition of motor vehicles. The total capital value at the inception of the leases was HK\$556,000.

31. OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2005	2004
	HK\$'000	HK\$'000
Minimum lease payments paid under operating leases during the year are as follows:		
Premises	3,145	2,807

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:

	Group		Company	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within one year	2,889	2,695	504	1,980
In the second to fifth year inclusive	2,966	1,131	–	750
	5,855	3,826	504	2,730

Leases are negotiated for an average term of two years (2004: two years) and the rentals are fixed during the relevant lease periods.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

31. OPERATING LEASE ARRANGEMENTS (Continued)

The Group as lessor

Rental income earned under operating leases during the year is as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
Premises	832	739

At 31 March 2005, the Group had contracted with tenants for future minimum lease payments under non-cancellable operating leases in respect of rented premises which fall due as follows:

	Group	
	2005 HK\$'000	2004 HK\$'000
Within one year	750	6
In the second to fifth year inclusive	313	285
	1,063	291

32. CAPITAL COMMITMENTS

	Group	
	2005 HK\$'000	2004 HK\$'000
Capital expenditure contracted for but not provided in the financial statements in respect of:		
– acquisition of investment properties	–	9,275
– acquisition of investment securities	–	8,000
– capital injection to a subsidiary	46,800	–
	46,800	17,275



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

33. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution retirement benefit scheme for all qualifying employees. The assets of the scheme are separately held in funds under the control of an independent administrator.

The cost charged to the income statement represents contributions payable to the funds by the Group at rates specified in the rules of the scheme. Where there are employees who leave the scheme 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 significant forfeited contributions which arose upon employees leaving the scheme 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.

In addition to the retirement benefit scheme operated by the Group, the Group is required to contribute to a Mandatory Provident Fund for certain employees based on applicable rates of monthly salary in accordance with government regulations.

34. CONTINGENT LIABILITIES

At 31 March 2005, the Company executed guarantees amounting to HK\$165,840,000 (2004: HK\$92,920,000) in favour of certain banks and a financial institution to secure credit facilities granted to its subsidiaries and a jointly controlled entity.

In addition, at 31 March 2005, the Group executed a guarantee amounting to HK\$6,140,000 in favour of a bank to guarantee banking facilities and a financial institution to guarantee a performance bond in respect of a property services contract undertaken by a jointly controlled entity.

35. PERFORMANCE BONDS

At 31 March 2005, the Group had outstanding performance bonds amounting to HK\$4,902,000 (2004: HK\$5,852,000) in respect of construction contracts.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

36. PLEDGE OF ASSETS

Group

At 31 March 2005, the following items were used to secure credit facilities granted to the Group or to secure issuance of performance bonds in respect of construction contracts:

- (a) pledge of the Group's bank deposits of HK\$8,200,000 (2004: HK\$8,600,000);
- (b) pledge of certain of the Group's other deposits of HK\$1,476,000 included in trade and other receivables (2004: HK\$2,926,000);
- (c) pledge of the Group's investment properties and leasehold land and buildings situated in Hong Kong with net book value of HK\$17,000,000 (2004: HK\$12,000,000) and HK\$1,822,000 (2004: HK\$1,822,000) respectively; and
- (d) assignment of rental income received and receivable from the above-mentioned investment properties.

Company

At 31 March 2005, the Company had pledged bank deposits of HK\$8,200,000 (2004: HK\$8,200,000) to certain banks to secure credit facilities granted by the banks to the Company and a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

37. RELATED PARTY DISCLOSURES

The significant transactions with related parties during the year, and significant balances with them at the balance sheet date are as follows:

(a) Transactions

Related parties	Nature of transactions	2005 HK\$'000	2004 HK\$'000
Jointly controlled entity of the Group ("JCE")	Consultancy service fees charged by the Group (note i)	2,100	1,700
	Loan interest paid by the Group (note ii)	64	10
	Management fee income charged by the Group (note iii)	261	209
	Professional fees charged by the Group in connection with accounting service (note iv)	194	—
	Rental income charged by the Group (note v)	198	185
	Service fee income charged by the Group (note vi)	—	243



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

37. RELATED PARTY DISCLOSURES (Continued)

(b) Balances

Details of balances with the Group's jointly controlled entity are set out in notes 14, 19 and 21.

Notes:

- i. Pursuant to letters of acceptance signed between the Group and the JCE on 1 April 2003 and 1 December 2003, the Group provided contract consultancy services for the JCE. The fees were charged at comparable market prices.
- ii. Interest was charged at Hong Kong dollar prime lending rate.
- iii. Pursuant to a shareholders' agreement signed among the shareholders of JCE on 26 February 2003, the Group provided leader services to the JCE for a period of three years commencing from 1 June 2003. The Group charged the JCE at 1% on income generated from the JCE as leader fee income.
- iv. During the year, the Group provided accounting services for the JCE. The fees were charged at comparable market prices.
- v. Pursuant to a facility letter signed between the Group and the JCE on 1 June 2003, the Group leased an office area to the JCE for a period of one year commencing from 1 June 2003. The monthly rental charge was HK\$18,000.
- vi. Pursuant to a letter of acceptance signed between the Group and the JCE on 6 March 2003, the Group provided a condition survey and a safety officer to the JCE respectively. The fees were charged at comparable market prices.

38. CONNECTED TRANSACTION

During the year ended 31 March 2005, the Company provided consultancy services to China Energy and Environmental Protection Group Limited ("CEEP") and an amount of HK\$8.4 million was due from CEEP as at the year-end. CEEP is a company beneficially owned by Mr. Lam Chin Wang. As Mr. Lam has become a substantial shareholder of the Company on 13 June 2005, the above transaction constitutes a connected transaction of the Company under the Listing Rules.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATE AND JOINTLY CONTROLLED ENTITY

Details of the Company's principal subsidiaries at 31 March 2005 are as follows:

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share/ registered capital	Proportion of issued share/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Active Town Limited	Hong Kong	HK\$2 ordinary shares	–	100	Building maintenance
Bright Town Investment Limited	Hong Kong	HK\$10,000 ordinary shares	–	100	Property investment
Colour Paint Limited	Hong Kong	HK\$1,000,000 ordinary shares	–	100	General trading
Cosonic Inc.	British Virgin Islands	US\$1 ordinary share	–	100	Investment holding
Cosonic-Lun Ming Joint Venture	Hong Kong	(note i below)	–	75	Building contractors
Dickson Construction (China) Limited	British Virgin Islands	US\$1 ordinary share	100	–	Investment holding
Dickson Construction Company, Limited	Hong Kong	HK\$95,500,000 ordinary shares	100	–	Building contractors
Dickson Construction (Housing) Limited	Hong Kong	HK\$7,000,000 ordinary shares	100	–	Building contractors
Dickson Construction (Maintenance) Limited	Hong Kong	HK\$2 ordinary shares	100	–	Building maintenance
Dickson (China) Enterprises Limited	Hong Kong	HK\$1,000,000 ordinary shares	–	100	General trading
Dickson (China) Holdings Limited	Cook Islands	US\$1 ordinary share	–	100	Investment holding
Dickson Design Services Limited	Hong Kong	HK\$ 2 ordinary shares	–	100	Provision of administrative services

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATE AND JOINTLY CONTROLLED ENTITY (Continued)

Name of subsidiary	Place of incorporation/ registration	Issued and fully paid share/ registered capital	Proportion of issued share/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Dickson (Pacific) Limited	British Virgin Islands	US\$1 ordinary share	100	–	Investment holding
Dickson Properties Limited	Hong Kong	HK\$10,000 ordinary shares	–	100	Investment holding
Henly Engineering Limited	Hong Kong	HK\$2 ordinary shares	–	100	Building contractors
i-Concepts Investment Limited	British Virgin Islands	US\$1 ordinary share	–	100	Investment holding
Joint Wealthy Holdings Limited	Hong Kong	HK\$2 ordinary shares	–	100	Investment holding
Longway Construction Engineering Limited	Hong Kong	HK\$10,000 ordinary shares	–	100	Building contractors
Pattern Logistic Limited	British Virgin Islands	US\$1 ordinary share	100	–	Investment holding
Polywin Engineering Limited	Hong Kong	HK\$2 ordinary shares	–	100	Building contractors
Uni-Technic Company Limited	Hong Kong	HK\$100,000 ordinary shares	–	100	Computer products trading and provision of information technology services
Winshan Construction Company Limited	Hong Kong	HK\$60,000 ordinary shares	–	100	Building contractors
德信建工（廣東）有限公司	The People's Republic of China	US\$3,000,000 registered capital (note ii below)	100	–	Building contractors

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATE AND JOINTLY CONTROLLED ENTITY (Continued)

Note:

- i. Cosonic-Lun Ming Joint Venture (“Cosonic-Lun Ming”) is an unincorporated entity established and held by Cosonic Inc., a subsidiary of the Company, and Lun Ming Construction Company Limited holding 75% and 25%, respectively. At 31 March 2005, the Group had contributed working capital of HK\$1,875,000 (2004: HK\$1,875,000) to Cosonic-Lun Ming.
- ii. Capital not yet paid up as at 31 March 2005.

All principal subsidiaries operate in Hong Kong except 德信建工(廣東)有限公司 operates in the PRC.

Details of the Company’s principal associate at 31 March 2005 are as follows:

Name of associate	Place of incorporation/ registration	Issued and fully paid share/ registered capital	Proportion of issued share/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Cardlink Technology Group Limited *	Cayman Islands	HK\$32,000,000 ordinary shares	–	18.3	Investment holding and provision of management services

* Not audited by RSM Nelson Wheeler.

The associate operates in Hong Kong.

Details of the Company’s principal jointly controlled entity at 31 March 2005 are as follows:

Name of jointly controlled entity	Place of incorporation/ registration	Issued and fully paid share/ registered capital	Proportion of issued share/ registered capital held by the Company		Principal activities
			Directly %	Indirectly %	
Fullsky Management Limited	Hong Kong	HK\$10,000 ordinary shares	–	40	Provision of property management services

The jointly controlled entity operates in Hong Kong.



NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2005

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES, ASSOCIATE AND JOINTLY CONTROLLED ENTITY (Continued)

Note:

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

40. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, the Group completed the acquisition of a property investment company at a consideration of HK\$6,561,000.