NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements are prepared in accordance with the requirements of the Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 31 March 2005, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 11	Construction Contracts
HKAS 12	Income Taxes
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement

The adoption of the HKAS 1, 2, 7, 8, 10, 11, 12, 16, 17, 18, 19, 21, 23, 24, 27, 33, 36 and 37 did not result in substantial changes to the Group's accounting policies. In summary:

– HKAS 1 has affected the presentation of minority interests and other disclosures.

– HKAS 2, 7, 8, 10, 11, 12, 16, 17, 18, 19, 21, 23, 27, 33, 36 and 37 had no material effect on the Group's policies.

– HKAS 24 has affected the identification of related parties and some other related-party disclosures.

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

The impact of the adoption of HKAS 32 and HKAS 39 is summarized as follows:

(i) Available-for-sale investments

In prior periods, the Group classified its non-trading investments in unlisted equity securities as long term investments which were stated at cost less impairment losses.

Upon the adoption of HKAS 32 and HKAS 39, these securities are classified as available-for-sale investments. After initial recognition, available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; and discounted cash flow analysis and option pricing models.

When the fair value of unlisted equity securities cannot be reliably measured because (1) the variability in the range of reasonable fair value estimates is significant for that investment, or (2) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group assesses at each balance sheet date whether there is any objective evidence that an available-for-sale investment is impaired as a result of one or more events that occurred after the initial recognition of the assets ("loss events"), and that the loss event has an impact on the estimated future cash flows that can be reliably estimated.

If there is objective evidence of impairment, the cumulative loss that had been recognised directly in equity shall be removed from equity and recognised in the profit and loss account. The amount of the loss recognised in the profit and loss account shall be the difference between the acquisition cost and current fair value, less any impairment loss on that available-for-sale investment previously recognised in the profit and loss account.

This change in accounting policy has had no effect on the consolidated profit and loss account and retained profits. The comparatives on the consolidated balance sheet at 31 March 2005 have been restated to reflect the reclassification.

(ii) Investments at fair value through profit or loss

In prior periods, the Group's investments in listed equity securities which were expected not to be realised within 12 months from the balance sheet date was classified as long term investments and were measured at fair value, with unrealised gains and losses included in the profit and loss account.

Upon the adoption of HKAS 32 and HKAS 39, this investment is classified as investments at fair value through profit or loss.

This change in accounting policy has had no effect on the consolidated profit and loss account and retained profits. The comparatives on the consolidated balance sheet at 31 March 2005 have been restated to reflect the reclassification.

2. SEGMENT INFORMATION

(a) Business segments

The Group is principally engaged in the building services contracting business and project management and the trading of electrical and mechanical engineering materials and equipment. An analysis of the Group's revenue and results by business segments is as follows:

	Building services contracting business and project management Six months ended 30 September		Trading of electrical and mechanical engineering materials and equipment Six months ended 30 September		Eliminations Six months ended 30 September		Consolidated Six months ended 30 September	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
	(Unaudited)	(Unaudited and restated)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited and restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
CONTINUING OPERATIONS								
Segment revenue:								
Sales to external customers	**225,025**	237,651	**20,463**	11,756	**-**	–	**245,488**	249,407
Intersegment sales	**4**	–	**3,350**	1,152	**(3,354)**	(1,152)	**-**	–
	225,029	237,651	**23,813**	12,908	**(3,354)**	(1,152)	**245,488**	249,407
Segment results:	**(8,151)**	(7,027)	**75**	(1,081)	**-**	–	**(8,076)**	(8,108)
Interest income and unallocated gains, net							**1,271**	629
Impairment loss of available-for-sale investments							**-**	(944)
Finance costs							**(1,051)**	(775)
Loss before tax							**(7,856)**	(9,198)
Tax							**(101)**	(1,231)
Loss for the period							**(7,957)**	(10,429)

(b) Geographical segments

No geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Hong Kong, and over 90% of the Group's assets are located in Hong Kong.

3. OTHER INCOME AND GAINS

	Six months ended 30 September 2005 (Unaudited) HK$'000	2004 (Unaudited) HK$'000
Interest income	**651**	591
Others	**478**	133
	1,129	724

4. FINANCE COSTS

	Six months ended 30 September 2005 (Unaudited) HK$'000	2004 (Unaudited) HK$'000
Interest on bank loans and overdrafts wholly repayable within five years	**764**	391
Interest on other loans wholly repayable within five years	**94**	–
Interest on finance leases	**–**	43
Bank charges	**193**	341
	1,051	775

5. LOSS BEFORE TAX

Loss before tax was arrived after charging/(crediting) the following:

	Six months ended 30 September 2005 (Unaudited) HK$'000	2004 (Unaudited) HK$'000
Cost of inventories sold	**395**	7,230
Cost of installation	**224,286**	218,858
	224,681	226,088
Depreciation		
– owned fixed assets	**588**	933
– fixed assets held under finance lease	**–**	39
Minimum lease payments under operating leases in respect of land and buildings	**336**	703
Staff costs (including directors' emoluments)	**20,106**	24,655
Provision for bad and doubtful debts	**2,386**	–
Impairment loss of available-for-sale investments	**–**	944
Unrealised (gain)/loss on investments at fair value through profit or loss	**(133)**	95
(Gain)/loss on disposals of fixed assets	**(9)**	19

6. TAX

	Six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**101**	1,231
Current – Elsewhere	**–**	–
Deferred	**–**	–
	101	1,231

Hong Kong profits tax has been provided at the rate of 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

7. LOSS PER SHARE

	Six months ended 30 September	
	2005	2004
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss		
Loss attributable to equity holders of the parent used in the basic loss per share calculation	**(7,613)**	(12,446)
Shares		
Number of ordinary shares in issue during the period used in the basic loss per share calculation	**115,930,400**	115,930,400

Diluted loss per share amounts for the six months ended 30 September 2005 and 2004 have not been presented as no diluting events existed during those periods.

8. GROSS AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	30 September	31 March
	2005	2005
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Gross amount due from contract customers	**93,438**	90,500
Gross amount due to contract customers	**(56,176)**	(91,745)
	37,262	(1,245)
Contract costs incurred plus recognised profits less recognised losses and foreseeable losses to date	**3,992,548**	3,284,629
Less: Progress billings	**(3,955,286)**	(3,285,874)
	37,262	(1,245)

9. TRADE AND OTHER RECEIVABLE

	30 September 2005 (Unaudited) ***HK$'000***	31 March 2005 (Audited) *HK$'000*
Trade receivable	**93,933**	122,992
Other receivable	**58,614**	52,252
	152,547	175,244

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

	30 September 2005 (Unaudited) ***HK$'000***	31 March 2005 (Audited) *HK$'000*
0 – 30 days	**30,025**	60,816
31 – 60 days	**7,993**	11,867
61 – 90 days	**3,943**	6,738
Over 90 days	**51,972**	43,571
	93,933	122,992

A provision is made when there is objective evidence that the Group will not be able to collect the amounts due according to the original terms of the receivables.

Included in the trade receivable balance as at 30 September 2005 as set out above are amounts due from Chinney Construction of approximately HK$33,215,000 (31 March 2005: HK$41,442,000) which arose from the provision of various building and maintenance services. Please refer to note 12 for details of related party transactions with Chinney Construction.

10. TRADE PAYABLE

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

	30 September 2005 (Unaudited) ***HK$'000***	31 March 2005 (Audited) *HK$'000*
0 – 30 days	**14,104**	17,321
31 – 60 days	**15,197**	7,414
Over 60 days	**26,024**	8,841
	55,325	33,576

11. SHARE CAPITAL

	30 September 2005 (Unaudited) HK$'000	31 March 2005 (Audited) HK$'000
Authorised:		
8,000,000,000 ordinary shares of HK$0.01 each	**80,000**	80,000
Issued and fully paid:		
115,930,400 ordinary shares of HK$0.01 each	**1,159**	1,159

A special resolution was passed by the shareholders of the Company on 16 September 2004 to approve the Capital Reorganisation (as defined in the Company's circular dated 24 August 2004 (the "Circular")), details of which and the effect had been disclosed in the Circular and the 2005 annual report.

12. RELATED PARTY TRANSACTIONS

(a) Significant transactions between the Group and related parties during the period

		Six months ended 30 September	
	Notes	**2005 (Unaudited) HK$'000**	2004 (Unaudited) HK$'000
Billing of building maintenance works and building services installation works to Chinney Construction	*(i)*	**48,376**	60,400
Purchase of merchandise from Chinney Alliance Engineering Limited	*(ii)*	**491**	613
Sub-contracting charge paid to a 49.90% minority shareholder of Shun Wing Construction & Engineering Company Limited ("Shun Wing") for the completion of work orders of a building maintenance contract		**1,617**	11,140

(b) Amounts due from/to related companies

	Notes	**30 September 2005 (Unaudited) HK$'000**	31 March 2004 (Audited) HK$'000
Amounts due from:			
– Chinney Construction	*(i)*	**33,215**	41,442
– A 49.90% minority shareholder of Shun Wing		**6,000**	6,000
Amounts due to:			
– Chinney Construction	*(i)*	**15,700**	22,930
– A 49.90% minority shareholder of Shun Wing		**6,900**	6,900

(c) Compensation of key management personnel of the Group

	Six months ended 30 September	
	2005 (Unaudited) HK$'000	2004 (Unaudited) HK$'000
Salaries and other short-term employee benefits	**1,533**	1,533
Post-employment benefits	**88**	88

12. RELATED PARTY TRANSACTIONS *(Continued)*

Notes:

(i) *Chinney Construction is a company of which Chan Yuen Keung, Zuric is a director and has 13.95% indirect beneficial interests therein. The amount due from Chinney Construction is unsecured, interest-free and repayable within normal credit terms of 60 days. The amount due to Chinney Construction is unsecured, interest-free and have no fixed terms of repayment.*

(ii) *Chinney Alliance Engineering Limited is a wholly-owned subsidiary of Chinney Alliance Group Limited, a company listed on The Stock Exchange of Hong Kong Limited and a substantial shareholder of the Company. Yu Sek Kee, Stephen is a director of Chinney Alliance Engineering Limited and Chinney Alliance Group Limited.*

13. COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years. At the balance sheet date, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 September 2005 (Unaudited) *HK$'000*	31 March 2005 (Audited) *HK$'000*
Within one year	**695**	828
In the second to fifth years, inclusive	**660**	983
	1,355	1,811

14. EVENTS AFTER THE BALANCE SHEET DATE

On 10 October 2005, Shun Cheong Real Estates Limited ("SCRE"), an indirect wholly-owned subsidiary of the Company, entered into a conditional sale and purchase agreement for the sale of Workshops Nos. 1, 3, 5, 7 and 9, 2nd Floor, Premier Centre, 20 Cheung Shun Street, Lai Chi Kok, Kowloon, Hong Kong to a unrelated third party for a cash consideration of HK$16.5 million (the "Disposal"). A sum of HK$1.65 million was received by SCRE upon the signing of the sale and purchase agreement as deposit. The Disposal constituted a major transaction of the Company under the Listing Rules and was conditional upon the approval by the shareholders of the Company. Details of the transaction were disclosed in a circular to all shareholders of the Company dated 24 October 2005.

The Disposal was approved by the shareholders of the Company at a special general meeting of the Company held on 9 November 2005. The balance of the consideration of HK$14.85 million was received by SCRE upon completion on 14 December 2005. Based on the sale proceeds of the Disposal, it was estimated that the Group would record a gain of approximately HK$0.6 million.

15. COMPARATIVE AMOUNTS

As explained in note 1, due to the adoption of new and revised HKFRSs during the current period, the presentation of certain items and balances in the condensed consolidated financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform to the current period's presentation.

16. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The unaudited condensed interim financial statements were approved and authorised for issue by the board of directors on 21 December 2005.