

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### Basis of preparation

The unaudited interim condensed consolidated 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" issued by the HKICPA.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 March 2006.

#### Accounting policies

The accounting policies and basis of preparation adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual financial statements for the year ended 31 March 2006, except in relation to the following amendments to and interpretation of Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that affect the Group and are adopted for the first time for the current period's financial statements:

HKAS 39 Amendment	The Fair Value Option
HKAS 39 & HKFRS 4 Amendments	Financial Guarantee Contracts
HK(IFRIC)-Int 4	Determining whether an Arrangement contains a Lease

The adoption of these amendments and interpretation has had no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited interim condensed consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these unaudited interim condensed consolidated financial statements. The Group has already commenced an assessment of the potential impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a significant impact on its result of operations and financial position.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HK(IFRIC) – Int 8	Scope of HKFRS2 <sup>4</sup>
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives <sup>3</sup>
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007.

<sup>2</sup> Effective for annual periods beginning on or after 1 November 2006.

<sup>3</sup> Effective for annual periods beginning on or after 1 June 2006.

<sup>4</sup> Effective for annual periods beginning on or after 1 May 2006.

### 2. SEGMENT INFORMATION

#### (a) Business segments

The Group is principally engaged in the building services maintenance business and project management. The contracting services and trading business were discontinued in March 2006. An analysis of the Group's revenue and results by business segments is as follows:

	Continuing operation		Discontinued operations									
	Maintenance Services		Contracting Services		Trading Business		Sub-total		Eliminations		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September		30 September		30 September		30 September	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Segment revenue:</b>												
Sales	108,068	87,590	-	185,621	-	20,463	-	206,084	-	(48,186)	108,068	245,488
<b>Segment results:</b>	(1,089)	(1,853)	-	(5,642)	-	(632)	-	(6,274)	-	-	(1,089)	(8,127)
Interest income and unallocated gains, net	624	11					-	1,118	-	-	624	1,129
Finance costs	(76)	(660)					-	(198)	-	-	(76)	(858)
Loss before tax	(541)	(2,502)					-	(5,354)	-	-	(541)	(7,856)
Tax	(28)	(35)					-	(66)	-	-	(28)	(101)
Loss for the period	(569)	(2,537)					-	(5,420)	-	-	(569)	(7,957)

#### (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 REVENUE AND GAINS

	Continuing operation		Discontinued operations		Total	
	Six months ended		Six months ended		Six months ended	
	30 September		30 September		30 September	
	2006	2005	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Interest income	624	11	-	640	624	651
Others	-	-	-	478	-	478
	624	11	-	1,118	624	1,129

**4. FINANCE COSTS**

	Continuing operation		Discontinued operations		Total	
	Six months ended 30 September 2006 (Unaudited) HK\$'000		Six months ended 30 September 2006 (Unaudited) HK\$'000		Six months ended 30 September 2006 (Unaudited) HK\$'000	
	2005 (Unaudited) HK\$'000		2005 (Unaudited) HK\$'000		2005 (Unaudited) HK\$'000	
Interest on bank loans, overdrafts and other loans wholly repayable within five years	76	660	-	198	76	858

**5. LOSS BEFORE TAX**

The Group's loss before tax is arrived at after charging/(crediting):

	Continuing operation		Discontinued operations		Eliminations		Total	
	Six months ended 30 September 2006 (Unaudited) HK\$'000		Six months ended 30 September 2006 (Unaudited) HK\$'000		Six months ended 30 September 2006 (Unaudited) HK\$'000		Six months ended 30 September 2006 (Unaudited) HK\$'000	
	2005 (Unaudited) HK\$'000		2005 (Unaudited) HK\$'000		2005 (Unaudited) HK\$'000		2005 (Unaudited) HK\$'000	
Cost of inventories sold	-	-	-	395	-	-	-	395
Cost of maintenance and installation	99,275	78,130	-	194,342	-	(48,186)	99,275	224,286
	99,275	78,130	-	194,737	-	(48,186)	99,275	224,681
Depreciation	112	344	-	244	-	-	112	588
Minimum lease payments under operating leases in respect of land and buildings	271	230	-	106	-	-	271	336
Staff costs (including directors' emoluments)	5,812	8,135	-	11,971	-	-	5,812	20,106
Provision for doubtful debts	1,609	1,154	-	1,232	-	-	1,609	2,386
Unrealised (gain)/loss on investments at fair value through profit or loss	-	(133)	-	-	-	-	-	(133)
(Gain)/loss on disposals of items of property, plant and equipment	-	-	-	(9)	-	-	-	(9)

### 6. TAX

	Continuing operation		Discontinued operations		Total	
	Six months ended 30 September		Six months ended 30 September		Six months ended 30 September	
	2006	2005	2006	2005	2006	2005
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Group:						
Current – Hong Kong	28	35	–	66	28	101
Deferred	–	–	–	–	–	–
	<u>28</u>	<u>35</u>	<u>–</u>	<u>66</u>	<u>28</u>	<u>101</u>

Hong Kong profits tax has been provided at the rate of 17.5% (2005: 17.5%) on the estimated assessable profits arising in Hong Kong during the period.

### 7. DISCONTINUED OPERATIONS

The Group disposed of its contracting services and trading businesses in March 2006. The results attributable to the discontinued operations for the period were as follows:

	Six months ended 30 September	
	2006	2005
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Turnover	–	206,084
Cost of installation and cost of sales	–	(194,737)
Gross profit	–	11,347
Other revenue and gains	–	1,118
Administrative expenses	–	(16,531)
Other operating income and expenses, net	–	(1,090)
Finance costs	–	(198)
Loss before tax	–	(5,354)
Tax	–	(66)
Loss for the period from discontinued operations	–	(5,420)
Minority interests	–	47
Loss for the period attributable to the equity holders of the parent	<u>–</u>	<u>(5,373)</u>

**7. DISCONTINUED OPERATIONS** *(Continued)*

The net cash flows attributable to the discontinued operation are as follows:

	<b>Six months ended 30 September</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Net cash inflow from operating activities	-	13,842
Net cash inflow from investing activities	-	1,113
Net cash outflow from financing activities	-	(11,784)
	<hr/>	<hr/>
Net cash inflow	<b>-</b>	<b>3,171</b>
	<hr/>	<hr/>

**8. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT****From continuing and discontinued operations**

The calculation of the basic loss per share is based on the net loss for the period attributable to equity holders of the parent of HK\$577,000 (2005: net loss of HK\$7,613,000) and on the 115,930,400 (2005: 115,930,400) shares in issue during the period.

Diluted loss per share for the periods ended 30 September 2006 and 2005 have not been presented as no diluting events existed during either periods.

**From a continuing operation**

The calculation of the basic loss per share is based on the net loss for the period attributable to equity holders of the parent of HK\$577,000 (2005: net loss of HK\$2,240,000). The denominators used are the same as those detailed above for the basic loss per share from continuing and discontinued operations.

**From discontinued operations**

Basic loss per share for the discontinued operations for the six months ended 30 September 2005 was HK\$4.63 cents per share based on the net loss for that period attributable to equity holders of the parent of HK\$5,373,000. The denominators used are the same as those detailed above for the basic loss per share from continuing and discontinued operations.

**9. GROSS AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS**

	<b>30 September 2006 (Unaudited) HK\$'000</b>	31 March 2006 (Audited) HK\$'000
Gross amount due from contract customers	<b>29,808</b>	28,011
Gross amount due to contract customers	<b>(19,760)</b>	(12,833)
	<hr/>	<hr/>
	<b>10,048</b>	15,178
	<hr/>	<hr/>
Contract costs incurred plus recognised profits less recognised losses and foreseeable losses to date	<b>820,374</b>	827,741
Less: Progress billings	<b>(810,326)</b>	(812,563)
	<hr/>	<hr/>
	<b>10,048</b>	15,178
	<hr/>	<hr/>

**10. TRADE AND OTHER RECEIVABLES**

	<b>30 September 2006 (Unaudited) HK\$'000</b>	31 March 2006 (Audited) HK\$'000
Trade receivables	<b>35,472</b>	28,590
Other receivables	<b>29,405</b>	26,863
	<b><u>64,877</u></b>	<u>55,453</u>

An aged analysis for the trade receivables as at 30 September 2006, based on invoice date and net of provisions for bad and doubtful debts, is as follows:

	<b>As at 30 September 2006 (Unaudited) HK\$'000</b>	As at 31 March 2006 (Audited) HK\$'000
0 – 30 days	<b>15,708</b>	11,450
31 – 60 days	<b>2,959</b>	3,905
61 – 90 days	<b>3,341</b>	3,841
Over 90 days	<b>13,464</b>	9,394
	<b><u>35,472</u></b>	<u>28,590</u>

The Group grants to its trade customers credit periods normally ranging from cash on delivery to 60 days. A longer credit period is granted to a few customers with long business relationships with the Group and with strong financial positions. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

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 Group's trade receivables balances as at 30 September 2006 as set out above are amounts due from Chinney Construction of approximately HK\$8,698,000 (31 March 2006: HK\$506,000) which arose from the provision of various building and maintenance services. The amount due from Chinney Construction is unsecured, interest free and is repayable within normal credit terms of 60 days. Please refer to note 13(a) for details of related party transactions with Chinney Construction.

**11. TRADE PAYABLES**

An aged analysis of trade payables as at 30 September 2006, based on invoice date, is as follows:

	<b>30 September 2006 (Unaudited) HK\$'000</b>	31 March 2006 (Audited) HK\$'000
0 – 30 days	<b>9,269</b>	6,474
31 – 60 days	<b>3,120</b>	2,703
Over 60 days	<b>25,633</b>	12,102
	<b><u>38,022</u></b>	<u>21,279</u>

The trade payables are non-interest bearing and are normally settled on 60-day terms.

**12. SHARE CAPITAL**

	<b>30 September 2006 (Unaudited) HK\$'000</b>	31 March 2006 (Audited) HK\$'000
<i>Authorised:</i> 8,000,000,000 ordinary shares of HK\$0.01 each	<u><b>80,000</b></u>	<u>80,000</u>
<i>Issued and fully paid:</i> 115,930,400 ordinary shares of HK\$0.01 each	<u><b>1,159</b></u>	<u>1,159</u>

**13. RELATED PARTY TRANSACTIONS**

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

		<b>Six months ended 30 September 2006 (Unaudited) HK\$'000</b>	2005 (Unaudited) HK\$'000
	<i>Notes</i>		
Billing of building maintenance works and building services installation works to Chinney Construction	(i)	<b>63,089</b>	38,674
Billing of building maintenance works and building services installation works to Shun Wing Construction & Engineering Company Limited ("Shun Wing")	(ii) & (iv)	<b>428</b>	–
Billing of electrical and mechanical maintenance works to SCEE and Westco	(iii) & (iv)	<u><b>43,601</b></u>	<u>–</u>

*Notes:*

- (i) Chinney Construction is a company of which Mr. Chan Yuen Keung, Zuric (who resigned as chairman and executive director of the Company on 19 July 2006) is a director and has 13.95% indirect beneficial interests therein.

The transactions constituted continuing connected transactions for the Group under the Listing Rule.

Details of the amount due from Chinney Construction are included in note 10 to the financial statements.

As at 30 September 2006, the Group also had an amount payable to Chinney Construction of HK\$3,000,000 (31 March 2006: HK\$14,350,000) included in other payables and accruals. The balance is unsecured, interest-free and has no fixed terms of repayment.

- (ii) Mr. Chan Yuen Keung, Zuric, (who resigned as chairman and executive director of the Company on 19 July 2006), Mr. Au Yu Fai, Patrick (who resigned as an executive director of the Company on 19 July 2006) and Mr. Yu Sek Kee, Stephen (who resigned as an executive director of the Company on 16 September 2006) are common directors of Ever Billion and Shun Wing.
- (iii) Mr. Chan Yuen Keung, Zuric (who resigned as chairman and executive director of the Company on 19 July 2006), Mr. Au Yu Fai, Patrick (who resigned as an executive director of the Company on 19 July 2006) and Mr. Yu Sek Kee, Stephen (who resigned as an executive director of the Company on 16 September 2006) are common directors of Tinhawk, SCEE and Westco.

**13. RELATED PARTY TRANSACTIONS** *(Continued)***(a) Significant transactions between the Group and related parties during the period** *(Continued)**Notes: (Continued)*

- (iv) In March 2006, the Company disposed of its contracting services and trading businesses. Shun Wing, SCEE and Westco were companies within the group disposed of. Accordingly, balances with these companies in 2005 were eliminated on consolidation. No comparative figures were shown.

**(b) Outstanding balances with related companies**

The Group had outstanding balances due to related companies of HK\$9,715,000 (31 March 2006: HK\$9,294,000) as at 30 September 2006. The balances are unsecured, interest-free and have no fixed terms of repayment.

**(c) Compensation of key management personnel of the Group**

	<b>Six months ended 30 September</b>	
	<b>2006</b>	2005
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Salaries and other short-term employee benefits	<b>1,246</b>	1,533
Post-employment benefits	<b>84</b>	88

**14. COMMITMENTS**

As lessee, 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 30 September 2006, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	<b>30 September 2006</b>	31 March 2006
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>1,067</b>	588
In the second to fifth years, inclusive	<b>1,052</b>	343
	<b>2,119</b>	931

**15. CONTINGENT LIABILITIES**

The Company provided certain representations, warranties and undertakings to Chinney Alliance Trading (BVI) Limited ("CAT") upon disposal of the Contracting Group (the "Warranties"). CAT may claim the Company for breach of any of the Warranties up to a maximum amount of HK\$10,000,000 until 31 March 2007, being 12 months from the completion of the disposal. Up to the date of the approval of these financial statements, the Company did not receive any claims from CAT in respect of the Warranties.

Save as disclosed above, the Group has no significant contingent liabilities as at 30 September 2006.

**16. COMPARATIVE AMOUNTS**

Certain comparative amounts have been reclassified to conform with the current period's presentation.