

Notes to the Financial Statements

For the year ended 31st March, 2005

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1. General

The Company is a public limited company incorporated in the Cayman Islands with its securities listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Group are property development and investment, hotel operations, securities investment and trading, and loan financing for hotel operations.

2. Adoption of New Hong Kong Financial Reporting Standards and Potential Impact Arising from the Recently Issued Accounting Standards

In 2004, the Hong Kong Institute of Certified Public Accountants issued a number of new or revised Hong Kong Accounting Standards (“HKASs”) and Hong Kong Financial Reporting Standards (“HKFRSs”) (herein collectively referred to as “new HKFRSs”) which are effective for accounting periods beginning on or after 1st January, 2005. The Group has early adopted the following HKFRSs in the preparation of the financial statements for the year ended 31st March, 2005:

HKAS 40	Investment Properties
Interpretation 21 (“HK-Int 21”)	Income Taxes – Recovery of Revalued Non-Depreciable Assets

The principal effect of the early adoption of HKAS 40 and HK-Int 21 is that all changes in fair value of investment properties are recognised in the income statement and deferred tax is provided on the basis that the carrying amounts of investment properties will be recovered through use. In previous years, the changes in fair value of investment properties were taken directly to investment properties revaluation reserve on a portfolio basis to the extent that the reserve remained in surplus.

The Group has applied HKAS 40 and HK-Int 21 retrospectively and comparative amounts have been restated accordingly. As a result of this change in accounting policies, the Group’s retained profits has been increased by HK\$17,248,000 and the Group’s investment properties revaluation reserve has been decreased by HK\$55,975,000 at 1st April, 2003. This change has resulted in an increase in the Group’s profit for the year of HK\$164,707,000 (2004: HK\$414,000), and decrease in the Group’s investment properties revaluation reserve of HK\$184,761,000 (2004: HK\$8,521,000).

In addition, HKFRS 3 “Business Combination” has been adopted by the Group for business combinations for which the agreement date is on or after 1st January, 2005. The first transaction to which HKFRS 3 has been applied by the Group is the acquisition of Grand Expert Limited in February 2005 (note 39). Such adoption has had no significant impact on the Group’s financial statements for the year ended 31st March, 2005. In accordance with the transitional rules of HKFRS 3, the Group will apply the revised accounting policy of goodwill prospectively from the beginning of its first annual period beginning on or after 1st January, 2005, i.e. 1st April, 2005, to goodwill acquired in business combinations for which the agreement date was before 1st January, 2005.

2. Adoption of New Hong Kong Financial Reporting Standards and Potential Impact Arising from the Recently Issued Accounting Standards *(continued)*

Other than as mentioned above, the Group has not early adopted other new HKFRSs in the financial statements for the year ended 31st March, 2005. The Group has commenced considering the potential impact of other new HKFRSs but is not yet in a position to determining whether other new HKFRSs would have a significant impact on how its results of operations and financial position are prepared and presented. These other new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

3. Significant Accounting Policies

The financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities, and in accordance with accounting principles generally accepted in Hong Kong. The principal accounting policies adopted are as follows:

Basis of consolidation

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

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

Goodwill

Goodwill arising on consolidation represents the excess of the cost of an acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of the acquired subsidiary, associate or jointly controlled entity at the date of acquisition.

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

Goodwill arising on acquisition on or after 1st April, 2001 with agreement dated before 31st December, 2004 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 amount of the associate or jointly controlled entity.

Notes to the Financial Statements

For the year ended 31st March, 2005

3. Significant Accounting Policies *(continued)*

Goodwill *(continued)*

Goodwill arising on acquisition for which the agreement date is on or after 1st January, 2005 is initially recognised as an asset at cost and is subsequently measured at cost less impairment losses. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

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

Negative goodwill

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

Negative goodwill arising on acquisition prior to 1st April, 2001 continues to be held in reserves and will be credited to income at the time of disposal of the relevant subsidiary, associate or jointly controlled entity.

Negative goodwill arising on acquisition on or after 1st April, 2001 is presented as deduction from assets. 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 depreciated 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 an associate or a jointly controlled entity is deducted from the carrying value of that associate or jointly controlled entity.

Investments in subsidiaries

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

3. Significant Accounting Policies *(continued)*

Interests in associates

The consolidated income statement includes the Group's share of the post-acquisition results of its associates for the year. In the consolidated balance sheet, interests in associates are stated at the Group's share of the net assets of the associates in so far as it has not already been amortised, less any identified impairment loss.

When the Group transacts with its associates, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associates, except where unrealised losses provide evidence of an impairment of the asset transferred.

Investments in 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 jointly controlled entities less any identified impairment loss. The Group's share of the post-acquisition results of jointly controlled entities is included in the consolidated income statement.

When the Group transacts with its jointly controlled entities, unrealised profits and losses are eliminated to the extent of the Group's interest in the joint venture, except where unrealised losses provide evidence of an impairment of the asset transferred.

Investments in jointly controlled assets

Where a group company undertakes its activities under joint venture arrangements directly, constituted as jointly controlled assets, the Group's share of jointly controlled assets and any liabilities incurred jointly with other venturers are recognised in the financial statements of the relevant company and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis.

Income from the sale or use of the Group's share of the output of jointly controlled assets, together with its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transaction will flow to/from the Group.

Investment properties

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

Investment properties are stated at their fair value based on independent professional valuations at the balance sheet date. Any changes in fair value of investment properties are recognised in the income statement.

Notes to the Financial Statements

For the year ended 31st March, 2005

3. Significant Accounting Policies *(continued)*

Properties under development held for long term purposes

Properties under development held for long term purposes are classified as non-current assets and are stated at cost less any impairment loss recognised. Cost comprises land costs and development costs including attributable interest and professional charges capitalised during the development period.

No depreciation is provided in respect of properties under development held for long term purposes.

Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less depreciation and any identified impairment loss.

No depreciation is provided in respect of land held on freehold.

Depreciation is provided to write off the cost of the assets over their estimated useful lives from the date on which they become fully operational using the straight-line method, at the following rates per annum:

Land in Hong Kong	Over unexpired lease term
Buildings on land held under:	
Long lease	2%
Freehold	2%
Medium-term lease	Shorter of lease terms or 50 years
Motor vessels	20%
Motor vehicles	20%
Plant and machinery	10%-20%
Furniture, fixtures and equipment	10%-20%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the terms of the leases.

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

Hotel property comprises interests in land and buildings and its integral fixed plant which are collectively used in the operation of a hotel and are stated at their open market values on the basis of ongoing periodic professional valuations. Any increase arising on revaluation of hotel property is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case, this surplus is credited to the income statement to the extent of the deficit previously charged. A decrease in net carrying amount arising on revaluation of hotel property is charged to the income statement to the extent that it exceeds the balance, if any, on the revaluation reserve relating to a previous revaluation of that hotel property. On subsequent sale or retirement of a revalued hotel property, the attributable revaluation surplus is transferred to retained profits. Depreciation is provided to write off the valuation of hotel properties over the lease term.

3. Significant Accounting Policies *(continued)*

Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to estimated sale proceeds less estimated selling expenses.

Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The cost of properties under development for sale includes land cost, construction cost, borrowing costs capitalised and other direct development expenditure.

Investments in securities

Investments in securities are recognised on a trade-date basis and are initially measured at cost.

All securities other than held-to-maturity debt securities are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, unrealised gains and losses are included in net profit or loss for the year. For other securities, unrealised gains and losses are dealt with in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net profit or loss for the period.

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, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

Notes to the Financial Statements

For the year ended 31st March, 2005

3. Significant Accounting Policies *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average cost method.

Convertible bonds

Convertible bonds are separately disclosed and regarded as debt unless conversion actually occurs. The finance costs recognised in the income statement in respect of the convertible bonds are calculated so as to give a constant rate of return on the outstanding balance.

The costs incurred in connection with the issue of the convertible bonds are deferred and amortised on a straight-line basis over the life of the convertible bonds from the date of issue of the bonds to their final redemption date. If any of the bonds are redeemed or converted prior to the final redemption date, the relevant portion of any remaining unamortised costs will be charged immediately to equity.

Foreign currencies

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

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

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

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

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

3. Significant Accounting Policies *(continued)*

Taxation *(continued)*

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

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

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

Leases

Leases are classified as finance leases when the terms of the leases transfer 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 values 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 annual rentals are charged to the income statement on a straight-line basis over the periods of the respective tenancies.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, 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.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Notes to the Financial Statements

For the year ended 31st March, 2005

3. Significant Accounting Policies *(continued)*

Revenue recognition

For property under development contracted for sale prior to 1st January, 2005 in advance of completion, revenue is recognised and calculated on a percentage of completion basis when construction has progressed beyond the preliminary stages of development. The percentage used is based on the proportion of construction costs incurred at the balance sheet date to estimated total construction costs. Profit recognised on this basis is limited to the extent that the economic benefits associated with the transaction will flow to the Group. For property under development contracted for sale on or after 1st January, 2005 in advance of completion, revenue is recognised when the title has passed and relevant risks and rewards associated with the property under development have been transferred.

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

Revenue from hotel operations is recognised when the relevant services are provided.

Rental income from properties under operating leases is recognised on a straight-line basis over the periods of the respective tenancies.

Building management fee income is recognised when the relevant services are provided.

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

Retirement benefits schemes

The retirement benefit costs charged in the income statement represent the contributions payable in respect of the current year to the Mandatory Provident Fund Scheme and other retirement benefit schemes.

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For the year ended 31st March, 2005

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4. Turnover

Turnover represents the aggregate amount of gross rental and management fee income, proceeds from sale of properties and securities, loan interest income and income from hotel operations, less returns and discounts, during the year as follows:

	2005 HK\$'000	2004 HK\$'000
Sale of properties	318,501	653,388
Rental income and management fee income	68,609	59,782
Hotel operations	59,108	36,095
Sale of securities	13,590	10,805
Loan interest income	61,560	35,046
Other operations	25,719	24,743
	547,087	819,859

5. Business and Geographical Segments

Business segments

During the year, the directors have made certain changes to the classification of business segments in order to have better presentation of the Group's financial statements.

For management purposes, the Group is currently organised into four operating divisions – property development and investment, hotel operations and relevant loan financing, and treasury management. These divisions are the basis on which the Group reports its primary segment information. Other operations include sale of boiler products and other interest income.

Principal activities are as follows:

- Property development and investment – properties development, letting and sale
- Hotel operations – hotel operations and management
- Loan financing – loan financing for hotel operations
- Treasury management – investment and trading in securities

Notes to the Financial Statements

For the year ended 31st March, 2005

5. Business and Geographical Segments (continued)

Segment information about these businesses is presented below:

2005

	Property development and investment HK\$'000	Hotel		Treasury management HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
		Operations HK\$'000	Loan financing HK\$'000				
TURNOVER							
External sales	387,110	59,108	61,560	13,590	25,719	-	547,087
Inter-segment sales	33,090	-	-	-	-	(33,090)	-
Total turnover	420,200	59,108	61,560	13,590	25,719	(33,090)	547,087
Inter-segment sales are charged at prevailing market rates.							
RESULTS							
Segment results	155,005	2,083	59,281	7,363	20,026	-	243,758
Profit on disposal of investment properties	201,362	-	-	-	-	-	201,362
Profit on disposal of property, plant and equipment	-	33,662	-	-	(572)	-	33,090
Allowance for amount due from an associate	-	-	-	-	(16,000)	-	(16,000)
Amortisation of goodwill arising on acquisition of associates	-	-	-	-	(582)	-	(582)
Amortisation of negative goodwill	7,693	-	-	-	-	-	7,693
Gain on disposal of an associate	-	-	-	-	451	-	451
Share of results of associates	21,983	-	-	-	(5,589)	-	16,394
Share of results of jointly controlled entities	-	-	-	-	(792)	-	(792)
Finance costs	(31,500)	(5,860)	(227)	(440)	(714)	-	(38,741)
Profit before taxation	354,543	29,885	59,054	6,923	(3,772)	-	446,633
Taxation	(23,972)	(13,472)	-	470	(4,080)	-	(41,054)
Profit before minority interests	330,571	16,413	59,054	7,393	(7,852)	-	405,579

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For the year ended 31st March, 2005

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5. Business and Geographical Segments (continued)

2005 (continued)

	Property	Hotel			Treasury	Other	Eliminations	Consolidated				
	development	Operations	Loan	financing					management	operations	HK\$'000	HK\$'000
	and investment											
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000				
BALANCE SHEET												
ASSETS												
Segment assets	4,191,273	1,521,536	340,623	421,065	279,210	-	6,753,707					
Interests in associates							144,285					
Interests in jointly controlled entities							73,238					
Taxation recoverable							9,257					
Unallocated corporate assets							13,825					
Consolidated total assets							6,994,312					
LIABILITIES												
Segment liabilities	307,771	23,860	35,048	34,292	12,292	-	413,263					
Borrowings							2,457,378					
Taxation payable							56,130					
Deferred taxation							208,115					
Unallocated corporate liabilities							44,667					
Consolidated total liabilities							3,179,553					
OTHER INFORMATION												
Capital additions	55,090	368,578	-	-	-	-	423,668					
Depreciation and amortisation	7,191	5,831	-	-	657	-	13,679					
Revaluation increase on hotel properties	-	335,716	-	-	-	-	335,716					

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For the year ended 31st March, 2005

5. Business and Geographical Segments (continued)

2004

	Property development and investment HK\$'000	Hotel		Treasury management HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
		Operations	Loan financing				
		HK\$'000	HK\$'000				
TURNOVER							
External sales	713,170	36,095	35,046	10,805	24,743	-	819,859
Inter-segment sales	30,887	-	-	-	-	(30,887)	-
Total turnover	744,057	36,095	35,046	10,805	24,743	(30,887)	819,859
Inter-segment sales are charged at prevailing market rates.							
RESULTS							
Segment results	188,520	(4,190)	31,503	(17,819)	(5,093)	-	192,921
Loss on disposal of property, plant and equipment	(3,467)	-	-	-	-	-	(3,467)
Impairment losses reversed on property, plant and equipment	13,002	-	-	-	-	-	13,002
Loss on disposal of club membership	-	-	-	-	(1,815)	-	(1,815)
Amortisation of goodwill arising on acquisition of associates	-	-	-	-	(582)	-	(582)
Amortisation of negative goodwill	7,693	-	-	-	-	-	7,693
Profit on disposal of subsidiaries	5,690	-	-	-	-	-	5,690
Profit on deemed disposal of a subsidiary	11,514	-	-	-	-	-	11,514
Gain on disposal of an associate	4,674	-	-	22,555	9,193	-	36,422
Share of results of associates	10,976	-	-	(15,626)	(8,287)	-	(12,937)
Share of result of a jointly controlled entity	-	-	-	-	(332)	-	(332)
Finance costs	(25,159)	(7,594)	(117)	(715)	(791)	-	(34,376)
Profit before taxation	213,443	(11,784)	31,386	(11,605)	(7,707)	-	213,733
Taxation	(55,818)	(2,970)	-	470	(3,008)	-	(61,326)
Profit before minority interests	157,625	(14,754)	31,386	(11,135)	(10,715)	-	152,407

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5. Business and Geographical Segments (continued)

2004 (continued)

	Property development and investment HK\$'000	Hotel		Treasury management HK\$'000	Other operations HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
		Operations HK\$'000	Loan financing HK\$'000				
BALANCE SHEET							
ASSETS							
Segment assets	3,217,920	886,121	279,063	43,312	269,868	–	4,696,284
Interests in associates							140,924
Interest in a jointly controlled entity							72,530
Taxation recoverable							8,292
Unallocated corporate assets							6,679
Consolidated total assets							4,924,709
LIABILITIES							
Segment liabilities	263,058	28,955	19,988	2,423	28,814	–	343,238
Borrowings							1,666,886
Taxation payable							74,831
Deferred taxation							100,978
Unallocated corporate liabilities							53,757
Consolidated total liabilities							2,239,690
OTHER INFORMATION							
Capital additions	296,415	98,778	–	–	574	–	395,767
Depreciation and amortisation	4,315	3,340	–	–	611	–	8,266
Revaluation increase on hotel properties	–	18,814	–	–	–	–	18,814

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5. Business and Geographical Segments *(continued)*

Geographic segments

A geographical analysis of the Group's turnover by location of market is as follows:

	2005 HK\$'000	2004 HK\$'000
Other regions in the People's Republic of China ("PRC")	80,454	370,743
Australia	206,440	244,835
Hong Kong	212,363	158,101
Malaysia	34,694	39,249
Singapore	13,136	6,929
Others	-	2
	547,087	819,859

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

	Carrying amount of segment assets		Capital additions	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Hong Kong	4,399,840	2,534,660	420,961	122,822
Malaysia	617,041	693,404	419	393
PRC	666,878	706,074	159	25,024
Australia	752,876	421,478	99	124,711
United States of America ("USA")	225,189	236,900	-	-
Singapore	253,106	248,232	55	122,817
Others	79,382	83,961	1,975	-
	6,994,312	4,924,709	423,668	395,767

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6. Finance Costs

	2005 HK\$'000	2004 HK\$'000
Borrowing costs on:		
Bank loans and overdrafts		
– wholly repayable within five years	33,602	32,374
– not wholly repayable within five years	24,733	10,485
Other loans		
– wholly repayable within five years	1,496	8,114
– not wholly repayable within five years	459	–
Finance leases	32	23
Amortisation of deferred expenditure on convertible bonds	2,814	–
Premium payable on redemption of convertible bonds	4,460	–
Others	910	953
Total borrowing costs	68,506	51,949
Less: Amounts capitalised in respect of:		
– properties under development for sale	(20,361)	–
– properties under development	(7,125)	(14,031)
	41,020	37,918
Analysed into:		
Amount included in cost of sales	2,279	3,542
Amount included in finance costs	38,741	34,376
	41,020	37,918

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7. Profit before Taxation

	2005 HK\$'000	2004 HK\$'000
Profit before taxation has been arrived at after charging:		
Allowance for amount due from an associate	16,000	–
Allowance for bad and doubtful debts	17,084	1,139
Auditors' remuneration	2,071	2,911
Cost of completed properties for sale recognised as an expense	292,418	448,864
Depreciation:		
Owned assets	13,427	7,961
Assets held under finance leases	252	305
Directors' remuneration and other staff costs	40,930	40,318
Operating lease rentals in respect of motor vehicles	18	217
and after crediting:		
Dividend income from listed investments	1,262	376
Interest income	75,630	35,288
Net foreign exchange gains	7,378	9,472
Rental income, net of outgoings of HK\$19,685,000 (2004: HK\$21,327,000)	40,488	29,705

8. Directors' and Five Highest Paid Employees' Remuneration

	2005 HK\$'000	2004 HK\$'000
Directors' remuneration:		
Fees	225	273
Other remuneration		
Salaries and other benefits	6,040	9,884
Retirement benefits scheme contributions	17	35
	6,282	10,192

The amounts disclosed above include directors' fees of HK\$50,000 (2004: HK\$50,000) payable to independent non-executive directors.

Notes to the Financial Statements

For the year ended 31st March, 2005

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8. Directors' and Five Highest Paid Employees' Remuneration (continued)

The remuneration of the directors were within the following bands:

	2005 No. of directors	2004 No. of directors
Nil to HK\$1,000,000	7	7
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	2	1
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	–	1

Of the five individuals with the highest remuneration in the Group, three (2004: five) were directors whose remuneration are included in the disclosures above. The remuneration of the remaining two (2004: none) individuals were as follows:

	2005 HK\$'000	2004 HK\$'000
Salaries and other benefits	1,548	–
Retirement benefits scheme contributions	23	–
	1,571	–

The remuneration of each of the remaining two individuals were less than HK\$1,000,000.

Notes to the Financial Statements

For the year ended 31st March, 2005

9. Taxation

	2005 HK\$'000	2004 HK\$'000 (Restated)
The charges (credit) comprise:		
Current year:		
Hong Kong	–	3,594
Other regions in the PRC	–	48,438
Other jurisdictions	857	413
	857	52,445
Prior years:		
Hong Kong	6,823	2,155
Other jurisdictions	(171)	59
	6,652	2,214
Deferred taxation (note 37)	29,305	4,614
Taxation attributable to the Company and its subsidiaries	36,814	59,273
Share of taxation attributable to associates	4,240	2,053
	41,054	61,326

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year. Taxation arising in other regions in the PRC or other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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For the year ended 31st March, 2005

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9. Taxation (continued)

The taxation charge for the year can be reconciled to profit before taxation per the income statement as follows:

	Hong Kong HK\$'000	PRC HK\$'000	Malaysia HK\$'000	Australia HK\$'000	Others HK\$'000	Total HK\$'000
2005						
Profit (loss) before taxation	410,720	16,982	20,318	18,195	(19,582)	446,633
Applicable income tax rate	17.5%	33%	28%	30%	28%	
Tax at the applicable income tax rate	71,876	5,604	5,689	5,459	(7,362)	81,266
Tax effect of expenses not deductible for tax purpose	27,644	12,510	(526)	6,171	10,513	56,312
Tax effect of income not taxable for tax purpose	(63,911)	(10,993)	(2,960)	(7,072)	(3,236)	(88,172)
Tax effect of tax losses not recognised	7,756	328	-	-	25	8,109
Utilisation of tax loss not previously recognised	(7,864)	(6,556)	(3,203)	(3,413)	-	(21,036)
Tax effect of share of results of associates	1,371	-	-	-	-	1,371
Under(over)provision in prior year	2,818	-	(179)	-	48	2,687
Effect of difference tax rates of subsidiaries operating in other jurisdictions	-	-	-	(448)	-	(448)
Others	673	(893)	1,004	55	126	965
Taxation charge (credit) for the year	40,363	-	(175)	752	114	41,054

Notes to the Financial Statements

For the year ended 31st March, 2005

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9. Taxation (continued)

	Hong Kong HK\$'000	PRC HK\$'000	Malaysia HK\$'000	Australia HK\$'000	Others HK\$'000	Total HK\$'000
2004						
Profit (loss) before taxation	51,502	175,307	(27,066)	26,083	(12,093)	213,733
Applicable income tax rate	17.5%	33%	28%	30%	29%	
Tax effect at the applicable income tax rate	9,013	57,851	(7,578)	7,825	(4,599)	62,512
Tax effect of expenses not deductible for tax purpose	1,896	1,884	4,862	840	362	9,844
Tax effect of income not taxable for tax purpose	(7,697)	(8,630)	(5,690)	(4,170)	(671)	(26,858)
Tax effect of tax losses not recognised	6,575	692	3	439	1	7,710
Utilisation of tax loss not previously recognised	(2,537)	–	(548)	(4,937)	–	(8,022)
Tax effect of share of results of associates	(2,215)	–	–	–	–	(2,215)
Underprovision in prior year	2,155	–	–	–	59	2,214
Effect of difference tax rates of subsidiaries operating in other jurisdictions	–	511	5,790	–	(40)	6,261
Effect of change in tax rate	2,368	–	–	–	–	2,368
Others	2,473	(3,870)	3,546	294	5,069	7,512
Taxation charge for the year	12,031	48,438	385	291	181	61,326

Details of the deferred taxation are set out in note 37.

Notes to the Financial Statements

For the year ended 31st March, 2005

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10. Dividends

	2005 HK\$'000	2004 HK\$'000
Final dividend in respect of 2004 – HK3 cents (2003: HK2 cents):		
Cash	13,849	8,471
Share alternative under scrip dividend scheme	21,204	11,232
	35,053	19,703
Interim dividend in respect of 2005 – HK3 cents (2004: HK2 cents):		
Cash	23,112	9,458
Share alternative under scrip dividend scheme	18,654	13,754
	41,766	23,212
	76,819	42,915

The final dividend in respect of 2005 of HK5 cents (2004: HK3 cents) per share, amounting to HK\$70,713,000 (2004: HK\$35,053,000), has been proposed by the directors and is subject to approval by the shareholders in general meeting.

Notes to the Financial Statements

For the year ended 31st March, 2005

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11. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	2005 HK\$'000	2004 HK\$'000
Earnings:		
Earnings for the purpose of basic earnings per shares	400,470	149,424
Effect of dilutive potential ordinary shares		
– amortisation of deferred expenditure on convertible bonds	2,322	–
– premium on redemption of convertible bonds	3,679	N/A
Earnings for the purpose of diluted earnings per share	406,471	N/A
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,251,268	1,043,767
Effect of dilutive potential ordinary shares		
– convertible bonds	66,815	N/A
– share options	7,103	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,325,186	N/A

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For the year ended 31st March, 2005

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12. Investment Properties

	THE GROUP
	HK\$'000
VALUATION	
At 1st April, 2004	1,064,481
Exchange adjustments	2,744
Acquisition of subsidiaries	239,875
Additions	2,015
Disposals	(280,237)
Transfer to property, plant and machinery	(394,875)
Revaluation increase	166,952
At 31st March, 2005	800,955

The carrying amount of investment properties comprises:

	THE GROUP	
	2005	2004
	HK\$'000	HK\$'000
Land in Hong Kong:		
Long lease	165,650	410,360
Medium-term lease	362,831	394,903
Land outside Hong Kong:		
Freehold	40,940	33,228
Long lease	231,534	225,990
	800,955	1,064,481

All of the Group's investment properties are rented out under operating leases.

The investment properties in Hong Kong were revalued at 31st March, 2005 by DTZ Debenham Tie Leung, independent professional valuers, on open market value existing use basis. The investment properties in Malaysia were revalued at 31st March, 2005 by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent professional valuer, on an open market value basis. The investment properties in Singapore were revalued at 31st March, 2005 by Jone LaSalle Property Consultants Pte Ltd., an independent professional valuer, on an open market basis. The resulting revaluation increase of HK\$166,952,000 has been credited to the income statement.

Notes to the Financial Statements

For the year ended 31st March, 2005

13. Property, Plant and Equipment

	Land and buildings HK\$'000	Hotel properties HK\$'000	Hotel properties under development HK\$'000	Others HK\$'000	Total HK\$'000
THE GROUP					
COST OR VALUATION					
At 1st April, 2004	88,138	1,111,221	–	57,070	1,256,429
Exchange adjustments	(706)	(1,601)	–	(227)	(2,534)
Additions	99	76,946	52,266	7,686	136,997
Transfer from investment properties	–	117,958	276,917	–	394,875
Transfer from properties under development	–	130,196	98,232	–	228,428
Disposals	–	(110,483)	–	(3,971)	(114,454)
Revaluation increase	–	330,954	–	–	330,954
At 31st March, 2005	87,531	1,655,191	427,415	60,558	2,230,695
Comprising:					
At cost	87,531	–	427,415	60,558	575,504
At valuation – 2005	–	1,655,191	–	–	1,655,191
	87,531	1,655,191	427,415	60,558	2,230,695
DEPRECIATION AND IMPAIRMENT LOSS					
At 1st April, 2004	8,530	–	–	40,515	49,045
Exchange adjustments	(133)	–	–	(446)	(579)
Provided for the year	4,992	4,762	–	3,925	13,679
Eliminated on disposals	–	–	–	(3,391)	(3,391)
Eliminated on revaluation	–	(4,762)	–	–	(4,762)
At 31st March, 2005	13,389	–	–	40,603	53,992
NET BOOK VALUES					
At 31st March, 2005	74,142	1,655,191	427,415	19,955	2,176,703
At 31st March, 2004	79,608	1,111,221	–	16,555	1,207,384

Notes to the Financial Statements

For the year ended 31st March, 2005

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13. Property, Plant and Equipment *(continued)*

The hotel properties in Hong Kong and the USA were revalued at 31st March, 2005 by DTZ Debenham Tie Leung and Lawson David & Sung Surveyors Limited, independent professional valuers, on an open market basis respectively. The hotel property in Malaysia was revalued at 31st March, 2005 by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent professional valuer, on an open market value basis. The resulting revaluation increase amounting to HK\$335,716,000 has been credited to the assets revaluation reserve.

Included in hotel properties is an aggregate carrying amount of HK\$1,139,000,000 (2004: HK\$476,000,000) which is in operation and the remaining hotel properties have not yet been operated.

Included in hotel properties under development is interest capitalised of HK\$1,415,000 (2004: HK\$3,336,000).

The net book value of properties shown above comprises:

	THE GROUP	
	2005	2004
	HK\$'000	HK\$'000
Land in Hong Kong:		
Long lease	13,885	13,834
Medium-term lease	1,563,415	585,000
Land outside Hong Kong:		
Freehold	521,238	528,268
Medium-term lease	58,210	63,727
	2,156,748	1,190,829

Included in the net book value of other assets is an amount of HK\$871,000 (2004: HK\$511,000) in respect of assets held under finance leases.

If the hotel properties had not been revalued, they would have been included in these financial statements at historical cost less accumulated depreciation of HK\$904,643,000 (2004: HK\$688,184,000).

Notes to the Financial Statements

For the year ended 31st March, 2005

14. Properties under Development

	THE GROUP HK\$'000
COST	
At 1st April, 2004	539,936
Additions	44,781
Transfer to property, plant and equipment	(228,428)
Transfer to properties under development for sale	(230,859)
At 31st March, 2005	125,430

The net book value of properties shown above comprises:

	THE GROUP	
	2005	2004
	HK\$'000	HK\$'000
Land in Hong Kong:		
Long lease	–	96,227
Medium-term lease	62,529	144,345
Land outside Hong Kong:		
Freehold	–	238,439
Medium-term lease	62,901	60,925
	125,430	539,936

Included in above is interest capitalised of Nil (2004: HK\$67,621,000).

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For the year ended 31st March, 2005

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15. Negative Goodwill

	THE GROUP HK\$'000
GROSS AMOUNT	
At 1st April, 2004 and 31st March, 2005	38,467
RELEASED TO INCOME	
At 1st April, 2004	7,693
Released for the year	7,693
At 31st March, 2005	15,386
CARRYING AMOUNT	
At 31st March, 2005	23,081
At 31st March, 2004	30,774

In 2004, the Group acquired the minority interests in New China Homes, Limited ("NCH"), a subsidiary of the Company after the privatisation of NCH, at a consideration of approximately HK\$4,869,000. This resulted in a negative goodwill of HK\$38,467,000 when compared to the attributable net assets acquired. NCH has then become a wholly-owned subsidiary of the Company. The negative goodwill is amortised over 5 years using the straight-line method.

16. Interests in Subsidiaries

	THE COMPANY	
	2005	2004
	HK\$'000	HK\$'000
Unlisted shares, at cost	1,210,284	1,210,284
Advances to subsidiaries	2,262,876	1,126,589
	3,473,160	2,336,873

The advances are unsecured and interest free. The Company will not demand repayment within next twelve months from the balance sheet date and, accordingly, the amounts are shown as non-current.

Details of the Company's principal subsidiaries at 31st March, 2005 are set out in note 48.

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For the year ended 31st March, 2005

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17. Interests in Associates

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Share of net assets, other than goodwill	133,685	129,741
Goodwill (negative goodwill) arising on acquisition of associates:		
Balance brought forward	11,183	(13,485)
Negative goodwill eliminated on disposal	–	25,250
	11,183	11,765
Amortisation during the year	(582)	(582)
Balance carried forward	10,601	11,183
	144,286	140,924

Details of the Group's principal associates at 31st March, 2005 are set out in note 49.

The following details have been extracted from the financial statements of the Group's significant associate as adjusted for the Group's accounting policies:

	Bermuda Investments Limited	
	2005 HK\$'000	2004 HK\$'000
Results		
Turnover	16,715	15,683
Profit before taxation	86,076	56,696
Profit before taxation attributable to the Group	21,519	14,174
Financial position		
Non-current assets	390,000	318,000
Current assets	3,400	1,272
Current liabilities	(6,389)	(4,511)
Non-current liabilities	(67,209)	(54,692)
Net assets	319,802	260,069
Net assets attributable to the Group	79,951	65,017

Notes to the Financial Statements

For the year ended 31st March, 2005

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18. Interests in Jointly Controlled Entities

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Share of net assets	73,238	72,530

Details of the Group's jointly controlled entities at 31st March, 2005 are as follows:

Name of entity	Country of registration and operations	Proportion of nominal value of registered/ordinary share capital held by the Group	Principal activities
Shangqiu Yongyuan Development Company Limited	PRC	68% (note)	Construction and operation of highway
Dorvic Hotel F & B Limited	Hong Kong	60%	Restaurant operations

Note: Under a joint venture agreement, the Group is required to make capital contribution of 68% in Shangqiu Yongyuan Development Company Limited, an equity joint venture company in the PRC established for the construction and operation of highway, for a term of 21 years commencing from 31st July, 1997. Upon the completion of the construction work, the Group is entitled to 85% of the profits earned until it has recovered dividends to an amount equivalent to all its contribution. Thereafter, the Group is entitled to 25% of the profits whereas the PRC joint venture partner is entitled to the remaining 75% until it has effectively recovered dividends equivalent to all its contribution for the agreed valuation of the relevant highway. The Group's entitlement to share of profits is then in proportion to its contribution. At the end of the 21 years, the joint venture will be dissolved and the Group's interest in the joint venture will be surrendered to the PRC party for no consideration. Therefore, the investment cost of interest in the jointly controlled entity of HK\$2,904,000 was amortised and the Group's share of profit of the joint venture project during the year is HK\$2,112,000 (2004: HK\$2,572,000).

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For the year ended 31st March, 2005

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19. Investments in Securities

	Trading securities		Other securities		Total	
	2005	2004	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP						
Equity securities:						
Listed – Hong Kong	13,784	7,511	64,819	38,694	78,603	46,205
Listed – Overseas	7,256	–	102,403	78	109,659	78
Unlisted	–	–	69,549	69,549	69,549	69,549
	21,040	7,511	236,771	108,321	257,811	115,832
Debt securities:						
Unlisted	–	–	83,094	–	83,094	–
Equity-linked notes:						
Unlisted	–	–	340,836	–	340,836	–
Quoted fund:						
Unlisted	–	–	217,558	–	217,558	–
	21,040	7,511	878,259	108,321	899,299	115,832
Market value of listed securities	21,040	7,511	167,222	38,772	188,262	46,283
Carrying amount analysed for reporting purposes as:						
Non-current	–	–	452,805	108,321	452,805	108,321
Current	21,040	7,511	425,454	–	446,494	7,511
	21,040	7,511	878,259	108,321	899,299	115,832

20. Amounts due from Associates

	THE GROUP	
	2005	2004
	HK\$'000	HK\$'000
Unsecured and interest free advances to associates, net of allowance	139,200	147,606
Less: Amount due within one year shown as current assets	(25,161)	(20,827)
Amount due after one year	114,039	126,779

The amount is shown as non-current as no repayment will be demand within next twelve months from the balance sheet date.

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For the year ended 31st March, 2005

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21. Amounts due from an Investee Company and a Minority Shareholder

The amounts are unsecured and interest free. No repayment will be demanded within next twelve months from the balance sheet date and, accordingly, the amounts are shown as non-current.

22. Loans Receivable

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Secured loans receivable bear interest at commercial rate	366,743	305,620
Less: Amount due within one year shown as current assets	(2,576)	(651)
Amount due after one year	364,167	304,969

23. Inventories

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Raw materials	345	270
Work in progress	346	871
Finished goods	203	883
	894	2,024

The cost of inventories recognised as an expense during the year was HK\$21,285,000 (2004: HK\$19,655,000).

Included above are work in progress of HK\$346,000 (2004: HK\$871,000) which are carried at net realisable value.

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24. Debtors, Deposits and Prepayments

The debtors, deposits and prepayments include trade debtors of HK\$43,300,000 (2004: HK\$270,534,000). The Group allows an average credit period of 60 days to its trade customers.

The following is an aged analysis of trade debtors at the balance sheet dates:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
0 – 60 days	34,236	262,189
61 – 90 days	287	2,694
Over 90 days	8,777	5,651
	43,300	270,534

Included in debtors, deposits and prepayments is amount due from a minority shareholder of HK\$45,877,000 (2004: HK\$18,942,000) which is unsecured, interest free and repayable on demand.

25. Amount due from a Jointly Controlled Entity

The amount is unsecured, bears interest at commercial rate and repayable on demand.

26. Creditors and Accruals

The creditors and accruals include trade creditors of HK\$76,931,000 (2004: HK\$76,157,000).

The following is an aged analysis of trade creditors at the balance sheet dates:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
0 – 60 days	52,344	43,222
61 – 90 days	867	10,034
Over 90 days	23,720	22,901
	76,931	76,157

27. Amounts due to Directors

The amounts are unsecured, have no fixed repayment term and interest free except for an amount of HK\$7,797,000 (2004: HK\$10,698,000) which carries interest at 5% per annum.

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For the year ended 31st March, 2005

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28. Amounts due to Related Companies

The amounts are unsecured, interest free and have no fixed repayment term. Certain directors have beneficial interest in these companies.

29. Amounts due to Associates and a Minority Shareholder

The amounts are unsecured, interest free and have no fixed repayment term.

30. Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
THE GROUP				
Amounts payable under finance leases:				
Within one year	295	217	268	200
In the second to fifth year inclusive	499	22	458	18
	794	239	726	218
Less: Future finance charges	(68)	(21)	–	–
Present value of lease obligations	726	218	726	218
Less: Amount due within one year shown under current liabilities			(268)	(200)
Amount due after one year			458	18

It is the Group's policy to lease certain of its motor vehicles, fixtures and equipment under finance leases. The average lease terms range from 3 to 5 years. The average effective borrowing rates range from 5% to 7.42% per annum during the year. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

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For the year ended 31st March, 2005

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31. Bank and Other Borrowings

	THE GROUP		THE COMPANY	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
The borrowings comprise:				
Bank loans	1,487,272	1,344,781	116,850	132,260
Mortgage loans	142,348	206,315	–	–
Other loans	59,000	96,000	59,000	96,000
Bank overdrafts	2,898	19,572	–	–
	1,691,518	1,666,668	175,850	228,260
Analysed as:				
Secured	1,602,454	1,435,410	116,850	132,260
Unsecured	89,064	231,258	59,000	96,000
	1,691,518	1,666,668	175,850	228,260

Other loans are unsecured and bear interest at 5% (2004: 5%) per annum.

	THE GROUP		THE COMPANY	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
The above borrowings are repayable as follows:				
On demand or within one year	615,000	461,977	74,580	51,560
More than one year, but not exceeding two years	197,337	239,909	15,580	15,560
More than two years, but not exceeding five years	514,177	633,573	85,690	161,140
More than five years	365,004	331,209	–	–
	1,691,518	1,666,668	175,850	228,260
Less: Amount due within one year shown under current liabilities	(615,000)	(461,977)	(74,580)	(51,560)
Amount due after one year	1,076,518	1,204,691	101,270	176,700

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For the year ended 31st March, 2005

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32. Share Capital

	Number of shares		Share capital	
	2005	2004	2005 HK\$'000	2004 HK\$'000
Ordinary shares of HK\$0.1 each				
Authorised:				
At beginning of year	1,500,000,000	1,500,000,000	150,000	150,000
Increase on 12th October, 2004	500,000,000	–	50,000	–
At end of year	2,000,000,000	1,500,000,000	200,000	150,000
Issued and fully paid:				
At beginning of year	1,168,457,601	985,134,312	116,846	98,513
Issued pursuant to scrip dividend scheme	19,165,231	18,323,289	1,916	1,833
Issued upon conversion of convertible bonds	226,139,185	–	22,614	–
Issued upon exercise of share options	500,000	–	50	–
Issued through placement	–	165,000,000	–	16,500
At end of year	1,414,262,017	1,168,457,601	141,426	116,846

Changes in the issued share capital of the Company during the year are as follows:

- On 30th September, 2004 and 21st February, 2005, the Company issued and allotted a total of 12,864,461 and 6,300,770 shares of HK\$0.10 each in the Company at HK\$1.648 and HK\$2.96 per share (2004: 10,474,669 and 7,848,620 shares of HK\$0.10 each in the Company at HK\$1.072 and HK\$1.752 per share) to the shareholders who elected to receive shares in the Company for the 2004 final dividends and 2005 interim dividends pursuant to the scrip dividend scheme announced by the Company on 15th July, 2004 and 9th December, 2004, respectively.
- During the year, the Company issued and allotted a total of 226,139,185 shares of HK\$0.10 each in the Company upon the conversion of convertible bonds as referred to in note 34.
- During the year, 500,000 shares of HK\$0.10 each in the Company were issued upon the exercise of share options at a subscription price of HK\$2.075 per share.
- On 3rd September, 2003, Far East Intercontinental Limited (“FEIL”) and Sumptuous Assets Limited (“SAL”) and Deutsche Bank AG, Hong Kong Branch (the “Placing Agent”) signed an agreement whereby FEIL and SAL agreed to place through the Placing Agent 55,000,000 and 110,000,000 existing issued shares of HK\$0.1 each of the Company held by FEIL and SAL, respectively, then at a price of HK\$1.2 per share to independent investors on an underwritten basis (the “Placing”). FEIL and SAL subscribed for the same amount of new shares as are sold through the Placing (the “Subscription”). FEIL is a company controlled by members of the Chiu Family of which Mr. Deacon Chiu is a director. SAL is a company controlled by Mr. David Chiu. The aggregate net proceeds from the Subscription of approximately HK\$198,000,000 were used for repayment of existing loans of the Company and the balance as general working capital.

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For the year ended 31st March, 2005

32. Share Capital *(continued)*

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

During the year, neither of the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

33. Reserves

	Share premium HK\$'000	Capital redemption reserve HK\$'000	Distributable reserve HK\$'000	Retained profits (accumulated loss) HK\$'000	Total HK\$'000
THE COMPANY					
At 1st April, 2003	663,711	253	1,165,620	6,387	1,835,971
Credit arising on scrip dividend	23,153	–	–	–	23,153
Shares issued at premium	181,500	–	–	–	181,500
Share issue expense	(4,581)	–	–	–	(4,581)
Loss for the year	–	–	–	(11,274)	(11,274)
2003 final dividends paid	–	–	(19,703)	–	(19,703)
2004 interim dividends paid	–	–	(23,212)	–	(23,212)
At 31st March, 2004	863,783	253	1,122,705	(4,887)	1,981,854
Credit arising on scrip dividend	37,942	–	–	–	37,942
Shares issued upon exercise of share options	987	–	–	–	987
Shares issued upon conversion of convertible bonds	474,839	–	–	–	474,839
Write-off of deferred expenditure on conversion of convertible bonds	(14,175)	–	–	–	(14,175)
Share issue expenses	(12)	–	–	–	(12)
Amortisation of deferred expenditure of convertible bonds	(2,814)	–	–	2,814	–
Loss for the year	–	–	–	(19,749)	(19,749)
2004 final dividends paid	–	–	(35,053)	–	(35,053)
2005 interim dividends paid	–	–	(41,766)	–	(41,766)
At 31st March, 2005	1,360,550	253	1,045,886	(21,822)	2,384,867

The distributable reserve of the Company represents the difference between the underlying net tangible assets of the subsidiaries acquired by the Company and the nominal value of the share capital issued by the Company pursuant to the group reorganisation in 1991. Under the Companies Law (Revised) of the Cayman Islands, the distributable reserve is available for distribution to shareholders.

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33. Reserves (continued)

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

	2005 HK\$'000	2004 HK\$'000
Distributable reserve	1,045,886	1,122,705
Accumulated losses	(21,822)	(4,887)
	1,024,064	1,117,818

34. Convertible Bonds

	THE GROUP AND THE COMPANY	
	2005 HK\$'000	2004 HK\$'000
US\$3,150,000 zero couple convertible bonds due 2009 (note a)	24,538	–
HK\$754,400,000 zero couple convertible bonds due 2009 (note b)	754,400	–
	778,938	–
Add: Premium payable upon final redemption of the convertible bonds	4,460	–
	783,398	–
Less: Unamortised deferred expenditure (note c)	(18,264)	–
	765,134	–

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34. Convertible Bonds (continued)

Notes:

- (a) In April 2004, the Company issued zero coupon convertible bonds with a principal amount of US\$66,989,000 (the "US\$ Bonds"). The holders of the US\$ Bonds are entitled to convert the convertible bonds into ordinary shares of the Company at an initial conversion price of HK\$2.25 (subsequently adjusted to HK\$2.18) per share during the period from 13th May, 2004 to 14th March, 2009, or to require the Company to redeem all or some of the US\$ Bonds on 13th April, 2006 at 102.01% of their principal amount. The Company may redeem all but not some only of the US\$ Bonds, on or after 13th April, 2006, subject to certain conditions. Unless previously redeemed, converted or purchased and cancelled, the US\$ Bonds will be redeemed at 105.10% of their principal amount on 13th April, 2009. The US\$ Bonds are listed on the Stock Exchange. Details of the issue of the Bonds were disclosed in the Company's circular dated 6th April, 2004.

During the year, an aggregate principal amount of US\$63,839,000 of the US\$ Bonds were converted into ordinary shares of the Company.

- (b) In December 2004, the Company issued zero coupon convertible bonds with a principal amount of HK\$754,400,000 (the "HK\$ Bonds"). The holders of the HK\$ Bonds are entitled to convert the convertible bonds into ordinary shares of the Company at an initial conversion price of HK\$4.10 per share, subject to adjustment, during the period from 11th January, 2005 to 10th November, 2009, or to require the Company to redeem all or some of the HK\$ Bonds on 10th December, 2006 at 104.58% of their principal amount. The Company may redeem all but not some only of the HK\$ Bonds on or after 10th June, 2005, subject to certain conditions. Unless previously redeemed, converted or purchased and cancelled, the HK\$ Bonds will be redeemed at 111.84% of their principal amount of 10th December, 2009. The HK\$ Bonds are listed on the Stock Exchange. Details of the issue of the Bonds were disclosed in the Company's circular dated 9th December, 2004.

During the year, no conversion rights were exercised by the holders of the HK\$ Bonds.

- (c) Deferred expenditure represents expenditure incurred in connection with the issue of the convertible bonds and is analysed as follows:

	THE GROUP AND THE COMPANY HK\$'000
COST	
Expenditure incurred during the year	35,253
Write-off on conversion of convertible bonds	(14,175)
At 31st March, 2005	21,078
AMORTISATION	
Charged for the year and at 31st March, 2005	2,814
UNAMORTISED AMOUNT	
At 31st March, 2005	18,264

35. Share Option Scheme

The Company's share option scheme was adopted pursuant to a resolution passed on 28th August, 2002 (the "Share Option Scheme") for the purpose of providing incentives and rewards to employees or executive or officers of the Company or any of its subsidiaries (including executive and non-executive directors) and business consultants, agents and legal or financial advisers who will contribute or have contributed to the Company or any of its subsidiaries. Under the Share Option Scheme, the board of directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

At 31st March, 2005, the number of shares in respect of which options had been granted and remained outstanding under the Share Option Scheme was 30,000,000 (2004: Nil), representing 2.12% (2004: Nil) of the shares of the Company in issue at that date. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

Options granted will be taken up upon payment of HK\$1 per option. Options may be exercised at any time not exceeding a period of 10 years from the date on which the share options is accepted. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share.

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35. Share Option Scheme (continued)

Details of the share options, which were granted and vested on 21st October, 2004, and movements of such holdings during the year are as follows:

Name of Employee	Exercise price HK\$	Number of options			At 31.3.2005	Exercise period
		At 1.4.2004	Granted during the year	Exercised during the year		
Denny Chi Hing Chan	2.075	-	1,200,000	-	1,200,000	01/11/2004 – 31/12/2010
		-	1,400,000	-	1,400,000	01/01/2006 – 31/12/2010
		-	1,600,000	-	1,600,000	01/01/2007 – 31/12/2010
		-	1,800,000	-	1,800,000	01/01/2008 – 31/12/2010
		-	2,000,000	-	2,000,000	01/01/2009 – 31/12/2010
Sub-Total	-	8,000,000	-	8,000,000		
Bill Kwai Pui Mok	2.075	-	1,200,000	-	1,200,000	01/04/2005 – 31/12/2010
		-	1,400,000	-	1,400,000	01/01/2006 – 31/12/2010
		-	1,600,000	-	1,600,000	01/01/2007 – 31/12/2010
		-	1,800,000	-	1,800,000	01/01/2008 – 31/12/2010
		-	2,000,000	-	2,000,000	01/01/2009 – 31/12/2010
Sub-Total	-	8,000,000	-	8,000,000		
Other employees In aggregate	2.075	-	1,650,000	500,000	1,150,000	01/11/2004 – 31/12/2010
		-	100,000	-	100,000	01/01/2005 – 31/12/2010
		-	2,325,000	-	2,325,000	01/01/2006 – 31/12/2010
		-	2,975,000	-	2,975,000	01/01/2007 – 31/12/2010
		-	3,475,000	-	3,475,000	01/01/2008 – 31/12/2010
		-	3,975,000	-	3,975,000	01/01/2009 – 31/12/2010
Sub-Total	-	-	14,500,000	500,000	14,000,000	
Total	-	-	30,500,000	500,000	30,000,000	

Total consideration received by the Group during the year for taking up the options granted amounted to HK\$1,038,000 (2004: Nil).

The weighted average closing price of the Company's shares immediately before the date(s) on which the options were exercised is HK\$3.60.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. No options lapsed or were cancelled during the financial year under review. Options which lapse or are cancelled prior to their exercise date are deleted from the register of outstanding options.

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36. Amounts due to Minority Shareholders and a Jointly Controlled Entity

The amounts are unsecured and interest free. The minority shareholders and jointly controlled entity have confirmed that the amounts will not be demanded for repayment within next twelve months from the balance sheet date and, accordingly, the amounts are shown as non-current.

37. Deferred Taxation

The major deferred tax (assets) liabilities recognised by the Group and movements thereon during the current and prior years are as follows:

	Accelerated tax depreciation HK\$'000	Revaluation of properties HK\$'000	Tax losses HK\$'000	Total HK\$'000
THE GROUP				
At 1st April, 2003				
– as originally stated	–	110,275	(10,803)	99,472
– prior period adjustment (note 2)	7,344	32,363	(12,677)	27,030
– as restated	7,344	142,638	(23,480)	126,502
Credit to equity	–	(30,304)	–	(30,304)
Charge (credit) to income statement	3,232	1,898	(2,884)	2,246
Effect of change in tax rate				
– charge to equity	–	166	–	166
– charge (credit) to income statement	688	3,034	(1,354)	2,368
At 31st March, 2004	11,264	117,432	(27,718)	100,978
Credit to equity	–	77,832	–	77,832
Charge (credit) to income statement	27,412	20,766	(18,873)	29,305
At 31st March, 2005	38,676	216,030	(46,591)	208,115

For the purposes of balance sheet presentation, certain deferred tax assets and liabilities have been offset.

At 31st March, 2005, the Group has unused tax losses of HK\$306,501,000 (2004: HK\$328,000,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$224,351,000 (2004: HK\$136,871,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profit streams.

The Company did not have any significant unprovided deferred taxation arising in the year or at the balance sheet date.

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38. Jointly Controlled Assets

The Group has entered into a joint venture agreement in the form of a jointly controlled asset to develop a multi-storey building. The Group has a 50% interest in the joint venture.

At the balance sheet date, the aggregate amounts of assets and liabilities recognised in the financial statements in relation to interests in jointly controlled assets are as follows:

	THE GROUP	
	2005 HK\$'000	2004 HK\$'000
Properties under development for sale	38,138	80,949
Debtors, deposits and prepayments	1,325	1,263
Bank balances	1,377	21,365
Creditors and accruals	(232)	(1,443)
	40,608	102,134

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39. Purchase of Subsidiaries

In September 2004 and February 2005, the Group acquired 100% of the issued capital of, and shareholders' loans to, Caragis Limited and Vicsley Limited, and Grand Expert Limited, respectively, for an aggregate cash consideration of HK\$239,844,000. In 2004, the Group acquired 100% of the issued share capital of Tang City Properties Pte. Limited for a consideration of S\$1. These acquisitions have been accounted for using the acquisition method of accounting.

	2005 HK\$'000	2004 HK\$'000
The net assets of the subsidiaries at the date of acquisition were as follows:		
Net asset acquired:		
Investment properties	239,875	122,795
Property, plant and equipment	-	12
Debtors, deposits and prepayments	767	1,076
Bank balances and cash	-	15
Creditors and accruals	(798)	(7,670)
Taxation payable	-	(291)
Bank overdrafts	-	(167)
Bank loans	(89,122)	(115,770)
Shareholders' loans	(201,294)	-
	(50,572)	-
Assignment of shareholders' loans and bank loans	290,416	-
	239,844	-
Satisfied by:		
Cash consideration	239,844	-
Net cash outflow arising on acquisition:		
Cash consideration	(239,844)	-
Bank balances and cash acquired	-	15
Bank overdrafts	-	(167)
	(239,844)	(152)

The subsidiaries acquired during the year do not have any material impact on the Group's results for the year.

Notes to the Financial Statements

For the year ended 31st March, 2005

39. Purchase of Subsidiaries (continued)

Included in the above, the net assets acquired in Grand Expert Limited is as follows:

	Acquiree's carrying amount before combination HK\$'000	Fair value adjustments HK\$'000	Fair value HK\$'000
Net asset acquired:			
Investment properties	84,221	37,696	121,917
Debtors, deposits and prepayments	482	–	482
Creditors and accruals	(555)	–	(555)
Shareholders' loans	(88,798)	–	(88,798)
	(4,650)	37,696	33,046
Assignment of shareholders' loans and bank loans	88,798	–	88,798
	84,148	37,696	121,844

If the acquisition of Grand Expert Limited had been completed on 1st April, 2004, the acquiree would contribute turnover and loss for the year amounting to HK\$470,000 and HK\$772,000 to the Group respectively.

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For the year ended 31st March, 2005

40. Disposal of Subsidiaries

In 2004, the Group disposed of three of its subsidiaries in Malaysia. The net assets of these subsidiaries at the date of disposal were as follows:

	2005 HK\$'000	2004 HK\$'000
Net assets disposed of:		
Property, plant and equipment	-	20
Properties under development for sale	-	33,107
Taxation recoverable	-	1,506
Debtors, deposits and prepayments	-	16,326
Amount due from a holding company	-	4,421
Pledged bank deposits	-	7,531
Bank balances and cash	-	2,313
Creditors and accruals	-	(27,777)
Minority interests	-	(13,959)
	-	23,488
Profit on disposal of subsidiaries	-	5,690
Total consideration	-	29,178
Satisfied by:		
Cash consideration	-	29,178
Net cash inflow arising on disposal:		
Cash consideration	-	29,178
Bank balances and cash disposed of	-	(2,313)
Assignment of amount due from a holding company	-	(4,421)
	-	22,444

The subsidiaries disposed of did not have any material impact on the Group's cash flow or results for that year.

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41. Major Non-cash Transactions

During the year, the Group entered into finance lease arrangements in respect of asset with a total capital value at the inception of the leases of HK\$1,088,000 (2004: Nil).

As referred to in note 32, the Company issued shares for 2004 final dividends and 2005 interim dividends pursuant to scrip dividend scheme totalling HK\$39,858,000 (2004: HK\$24,986,000).

As referred to in note 34, an aggregate principal amount of HK\$497,453,000 (2004: Nil) of the US\$ Bonds were converted into ordinary shares of the Company.

42. Pledge of Assets

At the balance sheet date, the Group and the Company had pledged the following assets:

- (a) The Group's properties, bank deposits and investments in securities with an aggregate carrying amount of approximately HK\$2,497,046,000 (2004: HK\$2,603,798,000), HK\$3,901,000 (2004: HK\$5,539,000) and HK\$1,556,000 (2004: HK\$2,334,000) respectively, together with properties of associates and third parties were mortgaged or pledged to the Group's bankers and loan creditors to secure banking and loan facilities granted to the Group and its associates to the extent of approximately HK\$2,572,480,000 (2004: HK\$2,021,216,000) and HK\$5,000,000 (2004: HK\$5,000,000), respectively.

The Group's bank deposits of approximately HK\$3,000,000 (2004: HK\$2,945,000) were pledged to a Group's banker to secure a guarantee given by the banker in favour of certain subsidiaries of the Company.

- (b) The Group's investments in securities of approximately HK\$237,746,000 (2004: HK\$37,517,000) were pledged to the Group's financial institutions to secure margin trading facilities granted to the Group in respect of securities transactions to the extent of approximately HK\$37,613,000 (2004: HK\$7,800,000), of which HK\$32,449,000 (2004: HK\$2,411,000) were utilised.
- (c) Interests in certain subsidiaries of the Company have been pledged as part of the security to secure certain bank borrowings granted to the Group and its subsidiaries.
- (d) The Group has subordinated its amount due from an investee company of approximately HK\$119,995,000 (2004: HK\$119,995,000) to a financial institution to secure general credit facility granted to the investee companies.

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43. Capital Commitments

	2005 HK\$'000	2004 HK\$'000
Capital expenditure contracted for but not provided for in the financial statements in respect of:		
Properties under development	1,064,600	560,558
Hotel properties	36,190	–
	1,100,790	560,558
Capital expenditure authorised but not contracted for in respect of:		
Properties under development	–	212,936
Hotel properties	–	133,415
	–	346,351
	1,100,790	906,909

44. Operating Lease Arrangements

The Group as lessor:

At the balance sheet date, investment properties and completed properties for sale with carrying amount of HK\$800,955,000 (2004: HK\$1,064,482,000) and HK\$11,765,000 (2004: HK\$11,000,000) respectively were let out under operating leases.

Gross rental income earned during the year is HK\$60,173,000 (2004: HK\$51,032,000), of which HK\$53,196,000 (2004: HK\$47,697,000) was derived from letting of investment properties. The property held has committed tenants for the next one to three years.

At the balance sheet date, the Group had contracted with tenants for the following future minimum lease payments:

	2005 HK\$'000	2004 HK\$'000
Within one year	38,852	37,224
In the second to fifth years inclusive	49,506	27,501
Over five years	2,968	–
	91,326	64,725

Leases are negotiated and rentals are fixed for terms ranging from two to three years.

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44. Operating Lease Arrangements (continued)

The Group as lessee:

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2005 HK\$'000	2004 HK\$'000
Land and buildings:		
– within one year	859	769
– in the second to fifth years inclusive	450	1,050
	1,309	1,819
Motor vehicles and machinery:		
– within one year	18	348
	1,327	2,167

Leases are negotiated for an average term of two years and rentals are fixed over the period.

The Company did not have any significant commitments under non-cancellable operating leases.

45. Contingent Liabilities

	THE GROUP		THE COMPANY	
	2005 HK\$'000	2004 HK\$'000	2005 HK\$'000	2004 HK\$'000
Guarantees issued to secure banking and other facilities made available to				
– subsidiaries	–	–	1,779,332	1,591,360
– an investee company	102,536	64,185	102,536	64,185

In addition, the Group had the following contingent liabilities:

- (a) The Group has given guarantee in respect of mortgage loans provided to the home buyers of a property project in the PRC. At 31st March, 2005, the total amount of mortgages outstanding which are subject to these guarantees was HK\$115,539,000 (2004: HK\$35,537,000).

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45. Contingent Liabilities (continued)

- (b) In previous year, a subsidiary of the Company (the "Subsidiary") was sued by two consultants providing management, consulting and advisory service concerning business strategy and corporate finance activities of the Subsidiary. The two consultants entered into a consulting contract with the Subsidiary in 1999 in lieu of cash for service rendered. The two consultants alleges that the Subsidiary fraudulently misrepresented and concealed material facts regarding the proposed investment from them and claim for compensation of damages amounting to approximately HK\$5,843,000. Moreover, the two consultants also alleges that the Subsidiary owes them salaries, payment in lieu of notice for early termination of the contract and the reimbursement for expenses regarding to the employment contract as the board of directors of the Subsidiary amounting to approximately HK\$5,865,000. Motion of dismiss was filed to the United States court and the claim is still in progress. While the outcome of these proceedings cannot be estimated with certainty at this stage, based on independent legal advice obtained, the directors are of the opinion that the outcome of this case would not have a material adverse impact on the financial position of the Group.
- (c) The State Administration of Taxation of the PRC issued a circular as Guo Shui Han [2004] No.938 on 2nd August, 2004 to strengthen levy of land appreciation tax on property developers. In the opinion of the directors, after consulting the tax consultants and the tax bureau of the relevant city, land appreciation tax will not be levied in respect of properties already completed and, full provision for land appreciation tax has not been made in the financial statements. The Group, has not, however, been able to secure written confirmation of those individual city policies, and the directors consider that there is a small possibility that land appreciation tax might be fully levied in accordance with the rule of State Administration of Taxation. Should such levies take place, additional land appreciation tax would be approximately HK\$80 million.

46. Related Party Transactions

During the year, the Group entered into the following significant transactions with related parties:

Related party	Nature of transaction	2005 HK\$'000	2004 HK\$'000
Directors and their associates	Interest expenses	371	–
Associates	Dividend income	6,577	3,750
	Building management fee expenses	2,699	1,596

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46. Related Party Transactions *(continued)*

In addition, the Group recognised compensation income amounting to approximately HK\$28 million (2004: Nil) from a minority shareholder of a subsidiary for termination of the tenancy of factory building entered into between the Group and the minority shareholder.

These transactions have been entered into on terms agreed by parties concerned.

Details of the balances with related parties as at the balance sheet date are set out in the balance sheet and notes 20, 21, 25, 27, 28, 29 and 36 to the financial statements.

During the year ended 31st March, 2004, the Group disposed of its entire shareholdings of Far East Technology International Limited ("FEI") to certain directors of the Group at a consideration of HK\$20,700,000. On 22nd December, 2003, the Group entered into conditional sale and purchase agreements, pursuant to which, inter alia, a wholly owned subsidiary of the Company agreed to acquire the entire interests in Tang City Properties Pte. Limited ("TCP") from Far East Technology International Limited and Mr. Dennis Chiu at a consideration of S\$1, and the Company agreed to procure the refinancing of the bank loan facility of S\$25 million obtained by TCP and to assume liabilities of S\$1.1 million due to external trade and non-trade creditors of TCP. TCP and its subsidiaries were incorporated in Singapore and held certain investment properties in Singapore. The transaction had no material effect on the result of the Group.

47. Retirement Benefits Schemes

The Group operates a Mandatory Provident Fund Scheme ("the MPF Scheme") for all qualifying employees in Hong Kong under the rules and regulations of the Mandatory Provident Fund Authority. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. Contributions are made based on a percentage of the participating employees' relevant income from the Group and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee. The retirement benefits scheme contributions charged to income statement during the year amounted to HK\$2,102,000 (2004: HK\$1,073,000).

According to the relevant laws and regulations in the PRC, the PRC subsidiary is required to contribute a certain percentage of the salaries of their employees to the state-managed retirement benefit scheme. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

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48. Particulars of Principal Subsidiaries

Name of direct subsidiary	Issued share capital				Principal activities	Place of incorporation/operation
	Number of shares	Par value per share	Class of shares held	Proportion of nominal value of issued capital/registered capital held by the Group		
Far East Consortium (B.V.I.) Limited	50,000	US\$1	Ordinary	100	Investment holdings	British Virgin Islands

Name of indirect subsidiary	Issued share capital				Principal activities
	Number of Shares	Par value per share/registered capital	Class of shares held	Proportion of nominal value of issued capital/registered capital held by the Group	
Accessway Profits Limited	1	US\$1	Ordinary	100	Investment holdings
Action Fulfilled Assets Limited	1	US\$1	Ordinary	100	Property investment
Amphion Investment Limited	2	HK\$1	Ordinary	100	Investment holdings
Annick Investment Limited	2	HK\$1	Ordinary	100	Property investment
Arvel Company Limited	10,000	HK\$1	Ordinary	100	Property investment
Asia Land Pty Ltd.	1	A\$1	Ordinary	100	Loan financing
Bournemouth Estates Limited	2	HK\$10	Ordinary	100	Property development
Bradney Proprietary Ltd.	2	A\$1	Ordinary	100	Investment holdings
Capital Fortune Investment Limited	10,000	HK\$1	Ordinary	100	Property investment
Caragis Limited	2	HK\$1	Ordinary	100	Hotel investment and operation
Cathay General Inc.	1	Nil	Common	100	Investment holdings and share investment
Charter Joy Limited	2	HK\$1	Ordinary	100	Property development
Charter National International Limited	2	HK\$1	Ordinary	100	Property development
Cheong Sing Property Development Limited	500	HK\$100	Ordinary	100	Property development
Ching Chu Property Management (Shanghai) Company Limited (i)	N/A	US\$9,000,000	N/A	100	Property management
Chun Wah Holdings Limited	200	HK\$1	Ordinary	100	Property development
Cosmopolitan Hotel Limited	2	HK\$1	Ordinary	100	Hotel investment and operation
Detheridge Estates Limited	2	HK\$1	Ordinary	100	Property development
Dorsett Hotel Management Services Limited	2	HK\$1	Ordinary	100	Hotel management
Dorsett Hotels & Resorts (H.K.) Ltd	1,000,000	HK\$1	Ordinary	100	Investment holdings
Dorsett Regency Hotel (M) Sdn. Bhd.	5,000,000	M\$1	Ordinary	100	Hotel investment and operation

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48. Particulars of Principal Subsidiaries (continued)

Name of indirect subsidiary	Number of Shares	Issued share capital			Principal activities
		Par value per share/ registered capital	Class of shares held	Proportion of nominal value of issued capital/ registered capital held by the Group	
Dunball Limited	2	HK\$1	Ordinary	100	Property investment
Dunjoy Limited	2	HK\$1	Ordinary	100	Investment holdings
E-Cash Ventures Limited	1	US\$1	Ordinary	100	Investment holdings
Esmart Management Limited	2	HK\$1	Ordinary	100	Hotel management
Everkent Development Limited	2	HK\$1	Ordinary	100	Property development
Far East Consortium China Infrastructure Company Limited	2	HK\$1	Ordinary	100	Investment holdings
Far East Consortium China Investments Limited	6,000	HK\$100	Ordinary	100	Investment holdings
Far East Consortium China Land Corporation Limited	1,000	HK\$100	Ordinary	100	Property development
Far East Consortium Holdings (Australia) Pty Limited	12	A\$1	Ordinary	100	Investment holdings
Far East Consortium Limited	235	A\$0.01	Redeemable preference	100	
Far East Consortium Limited	830,650,000	HK\$1	Ordinary	100	Investment holdings and property investment
Far East Consortium Machinery Limited	2	HK\$1	Ordinary	100	Investment holdings
Far East Consortium (Malaysia) Limited	2	HK\$1	Ordinary	100	Investment holdings
Far East Consortium (Netherlands Antilles) N.V.	6,000	US\$1	Ordinary	100	Investment holdings
Far East Consortium Properties Pty Limited	12	A\$1	Ordinary	100	Investment holdings
Far East Consortium Properties Pty Limited	225	A\$0.01	Redeemable preference	100	and property investment
Far East Consortium Property & Marketing Service Pty Limited	1	A\$1	Ordinary	100	Property development
Far East Development (Macau) Ltd	N/A	MOP25,000	N/A	100	Property development
Far East Real Estate and Agency (H.K.) Limited	60,000	HK\$100	Ordinary	100	Investment holdings and loan financing
Far East Rockman Hotels (Australia) Pty Limited	12	A\$1	Ordinary	100	Investment holdings
Far East Rockman Investments Pty Limited	375	A\$0.01	Redeemable preference	100	
Far East Rockman Investments Pty Limited	12	A\$1	Ordinary	100	Investment holdings
Far East Rockman Investments Pty Limited	125	A\$0.01	Redeemable preference	100	
Far East Supermarket Limited	500,000	HK\$1	Ordinary	100	Property investment
FEC Development (Malaysia) Sdn. Bhd.	2	M\$1	Ordinary	100	Investment holdings
FEC Financing Solutions Pty. Ltd.	1	A\$1	Ordinary	100	Investment holdings
FEC Properties Limited	1	US\$1	Ordinary	100	Property investment

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48. Particulars of Principal Subsidiaries (continued)

Name of indirect subsidiary	Number of Shares	Issued share capital			Principal activities
		Par value per share/ registered capital	Class of shares held	Proportion of nominal value of issued capital/ registered capital held by the Group	
FEC Strategic Investments (Netherlands) B.V.	120,000	DFL1	Ordinary	100	Investment holdings
FEH Strategic Investment Pte Limited	10	S\$1	Ordinary	100	Property investment
Focus Venue Sdn. Bhd.	90	M\$1	Ordinary	90	Property investment
Fortune Plus (M) Sdn. Bhd.	935,000	M\$1	Ordinary	100	Property investment
FECFW 1 Pty Ltd.	1	A\$1	Ordinary	100	Investment holdings
FECFW 2 Pty Ltd.	1	A\$1	Ordinary	100	Investment holdings
Gain Wealth International Ltd	1	HK\$1	Ordinary	100	Property Investment
Garden Resort Development Ltd.	100	HK\$1	Ordinary	100	Property development
Grand Expert Limited	2	HK\$1	Ordinary	100	Hotel investment and operation
Grandco Investment Limited	1	US\$1	Ordinary	100	Property investment
Group Power Developments Ltd	1	HK\$1	Ordinary	100	Property Investment
Guangzhou Pegasus Boiler Manufacture Company Limited (ii)	N/A	HK\$ 50,000,000	N/A	51	Operation of boiler factory
Hansher International Ltd.	29,805,065	US\$1	Ordinary	100	Hotel investment and operation
Henrik Investment Limited	2	HK\$1	Ordinary	100	Property investment
Hero Housing Limited	880	HK\$1,000	Ordinary	100	Property investment
Kuala Lumpur Land Holdings Limited	100	£1	Ordinary	100	Investment holdings
Madison Lighters and Watches Company Limited	4	HK\$1	Ordinary	100	Investment holdings
New Emprie Assets Ltd	1	US\$1	Ordinary	100	Property Investment
New Time Plaza Development Limited	1,000	HK\$1	Ordinary	100	Investment holdings
New Union Investments (China) Limited	300	HK\$1	Ordinary	100	Investment holdings
N.T. Horizon Realty (Jordan) Limited	2	HK\$100	Ordinary	100	Property investment
The Hotel of Lan Kwai Fong Limited (formerly known as Ocean Leader Development Limited)	2	HK\$1	Ordinary	100	Hotel investment and operation
Oi Tak Enterprises Limited	1,000,000	HK\$1	Ordinary	75	Investment holdings
Pansy Development Limited	2	HK\$1	Ordinary	100	Property investment
Peacock Management Services Limited	2	HK\$1	Ordinary	100	Administration services
People Assets Ltd	1	US\$1	Ordinary	100	Property Investment
Polyland Development Limited	2	HK\$1	Ordinary	100	Property investment
Regency Hotels Proprietary Limited	100	A\$1	Ordinary	100	Investment holdings
Rich Diamond Holdings Limited	10	US\$1	Ordinary	70	Investment holdings
Ridon Investment Limited	2	HK\$1	Ordinary	100	Investment holdings and share investment

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For the year ended 31st March, 2005

48. Particulars of Principal Subsidiaries (continued)

Name of indirect subsidiary	Number of Shares	Issued share capital			Principal activities
		Par value per share/ registered capital	Class of shares held	Proportion of nominal value of issued capital/ registered capital held by the Group	
Roseville Enterprises Limited	6,000	HK\$100	Ordinary	100	Property investment
Royal Domain Plaza Pty. Ltd.	2	A\$1	Ordinary	100	Property investment
Royal Domain Towers Pty. Limited	2	A\$1	Ordinary	100	Property investment
Ruby Way Limited	2	HK\$1	Ordinary	100	Property investment
Scarborough Development Limited	2	HK\$1	Ordinary	100	Property investment
Shanghai Chingchu Property Development Company Limited (ii)	N/A	US\$9,000,000	N/A	98.2	Property development
Sheen Profit Industries Limited	2	HK\$1	Ordinary	100	Hotel investment and operation
Shelborn Enterprises, Inc.	10	US\$1	Ordinary	100	Investment holdings
Singford Holdings Limited	1	US\$1	Ordinary	100	Treasury management
Smartland Assets Limited	1	US\$1	Ordinary	100	Investment holding
Sovereign Land Company Limited	2	HK\$100	Ordinary	100	Property investment
Southsino Development Limited	100	HK\$1	Ordinary	100	Property development
Star Bridge Development Limited	2	HK\$1	Ordinary	100	Property investment
Tang City Parkway Pte Limited	10	S\$1	Ordinary	100	Property investment
Tang City Properties Pte Limited	100,000	S\$1	Ordinary	90	Investment holdings
Teamp pearl Company Ltd	5,001	HK\$1	Class A	100	Property development
	4,999		Class B	100	
Top Trend Developments Limited	2	US\$1	Ordinary	100	Investment holdings
Turbulent Limited	2	HK\$10	Ordinary	100	Investment holdings
Upperace Development Limited	1,000,000	HK\$1	Ordinary	100	Investment holdings
Vicsley Limited	2	HK\$1	Ordinary	100	Hotel investment and operation
Victoria Land Pty. Ltd.	12	A\$1	Ordinary	100	Management services
Vicco Development Limited	2	HK\$1	Ordinary	100	Investment holdings
Virgobee Limited	2	HK\$1	Ordinary	100	Property investment
Waldorf Development Pte Limited	2	S\$1	Ordinary	100	Property investment
Waldorf Holdings Pte Limited	1,000,000	S\$1	Ordinary	100	Property investment
Win Chance Engineering Limited	2	HK\$1	Ordinary	100	Engineering
Wonder China Investments Limited	1	US\$1	Ordinary	100	Investment holdings
Worldlead Assets Limited	1	US\$1	Ordinary	100	Property Investment
Zhongshan Development Limited	2	US\$1	Ordinary	100	Investment holdings

(i) Foreign investment enterprise registered in the PRC

(ii) Sino-foreign equity joint venture registered in the PRC

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For the year ended 31st March, 2005

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48. Particulars of Principal Subsidiaries (continued)

None of the subsidiaries had issued any debt securities at the end of the year.

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

All the above indirect subsidiaries are incorporated and are operating in Hong Kong except the followings:

Name of indirect subsidiary	Place of incorporation	Place of operation
Accessway Profits Limited	British Virgin Islands	Hong Kong
Action Fulfilled Assets Limited	British Virgin Islands	Hong Kong
Asia Land Pty Ltd.	Australia	Australia
Bradney Proprietary Ltd.	Australia	Australia
Cathay General Inc.	Republic of Liberia	Hong Kong
Ching Chu Property Management (Shanghai) Company Limited	The PRC	The PRC
Dorsett Regency Hotel (M) Sdn. Bhd.	Malaysia	Malaysia
E-Cash Ventures Limited	British Virgin Islands	Hong Kong
Far East Consortium Holdings (Australia) Pty Limited	Australia	Australia
Far East Consortium (Netherlands Antilles) N.V.	Netherlands Antilles	Netherlands Antilles
Far East Consortium Properties Pty Limited	Australia	Australia
Far East Consortium Property & Marketing Service Pty Limited	Australia	Australia
Far East Development (Macau) Ltd	Macau	Macau
Far East Rockman Hotels (Australia) Pty Limited	Australia	Australia
Far East Rockman Investments Pty Limited	Australia	Australia
FEC Development (Malaysia) Sdn. Bhd.	Malaysia	Malaysia
FEC Financing Solutions Pty Ltd.	Australia	Australia
FEC Properties Limited	British Virgin Islands	Hong Kong
FEC Strategic Investments (Netherlands) B.V.	The Netherlands	The Netherlands
FECFW 1 Pty Ltd.	Australia	Australia
FECFW 2 Pty Ltd.	Australia	Australia
FEH Strategic Investment Pte Limited	Singapore	Singapore
Focus Venue Sdn. Bhd.	Malaysia	Malaysia
Fortune Plus (M) Sdn. Bhd.	Malaysia	Malaysia
Gain Wealth International Ltd.	Hong Kong	Macau
Grandco Investment Limited	British Virgin Islands	The U.S.A.
Group Power Developments Ltd.	British Virgin Islands	Macau

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For the year ended 31st March, 2005

48. Particulars of Principal Subsidiaries *(continued)*

Name of indirect subsidiary	Place of incorporation	Place of operation
Guangzhou Pegasus Boiler Manufacture Company Limited	The PRC	The PRC
Hamsher International Ltd.	British Virgin Islands	The U.S.A.
Kuala Lumpur Land Holdings Limited	Channel Islands	Malaysia
New Empire Assets Ltd	British Virgin Islands	Macau
People Assets Ltd	British Virgin Islands	Macau
Regency Hotels Proprietary Limited	Australia	Australia
Rich Diamond Holdings Limited	British Virgin Islands	The Philippines
Royal Domain Plaza Pty. Ltd.	Australia	Australia
Royal Domain Towers Pty. Limited	Australia	Australia
Shanghai Chingchu Property Development Company Limited	The PRC	The PRC
Shelborn Enterprises, Inc.	British Virgin Islands	The U.S.A.
Singford Holdings Limited	British Virgin Islands	Hong Kong
Smartland Assets Limited	British Virgin Islands	Singapore
Tang City Parkway Pte. Limited	Singapore	Singapore
Tang City Properties Pte. Limited	Singapore	Singapore
Top Trend Developments Limited	British Virgin Islands	China
Victoria Land Pty. Ltd.	Australia	Australia
Waldorf Development Pte Limited	Singapore	Singapore
Waldorf Holdings Pte Limited	Singapore	Singapore
Wonder China Investments Limited	British Virgin Islands	The PRC
Worldlead Assets Ltd	British Virgin Islands	Macau
Zhongshan Development Limited	British Virgin Islands	The PRC

49. Particulars of Principal Associates

Name of indirect associate	Class of shares held	Issued share capital		Principal activities
		Proportion of nominal value of issued capital/registered capital held by the Group		
Bermuda Investments Limited	Ordinary	25		Property investment
Gold Coin (Hong Kong) Limited	Ordinary	26		Investment holdings
Gold Coin Feedmill (China) Limited	Ordinary	26		Operation of feedmill factory
Guangdong Xin Shi Dai Real Estate Limited	N/A	50		Property development
Kanic Property Management Limited	Ordinary	50		Building management
Liuzhou Universe Compressor Company Limited	N/A	25.24		Operation of compressor factory
Naples Investments Limited	Ordinary	35		Investment holdings
Omicron International Limited	Ordinary	30		Investment holding
Peacock Estates Limited	Ordinary	25		Property investment
Philippine Dream Company, Inc.	Ordinary	25.2		Hotel operation

The above table lists the associates of the Group which, in the opinion of the Directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

All the above associates are incorporated and are operating in Hong Kong except the followings:

Name of indirect associate	Place of incorporation	Place of operation
Gold Coin Feedmill (China) Limited	The PRC	The PRC
Guangdong Xin Shi Dai Real Estate Limited	The PRC	The PRC
Liuzhou Universe Compressor Company Limited	The PRC	The PRC
Naples Investments Limited	British Virgin Islands	The Philippines
Philippine Dream Company, Inc.	The Philippines	The Philippines