1. GENERAL

The Company was incorporated in Bermuda on 31 July 1991 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The shares of the Company are listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. Details of the principal subsidiaries are set out in note 17.

As stated in the Company's announcement dated 3 June 2003, pursuant to a notice dated 20 March 2003, the Securities and Futures Commission is conducting an inquiry into certain matters of the Group under section 29A of the former Securities and Futures Commission Ordinance. The inquiry is not yet concluded and the Directors are unable to estimate when the inquiry may expect to conclude. The Directors are at present not aware of any matters arising from the inquiry that might affect the preparation of these financial statements which have been prepared after due consideration.

2. POTENTIAL IMPACT ARISING FROM THE RECENTLY ISSUED ACCOUNTING STANDARDS

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

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

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Statement of Standard Accounting Practices issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for the periodic remeasurement of investment property, property held for redevelopment, long term investments and short term investments, as further explained below.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2005. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Minority interests represent the interests of outside shareholders in the results and net assets of the Company's subsidiaries.

Investments in Subsidiaries

A subsidiary is an enterprise in which the Company, directly or indirectly, holds more than half of the issued share capital, or controls more than half the voting power, or controls the composition of the board of directors. Control is the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's profit and loss account to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Related Parties

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

Goodwill

Goodwill arising on the acquisition of subsidiaries represents the excess of the cost of the acquisition over the Group's share of the fair values of the identifiable assets and liabilities acquired at the date of acquisition.

Goodwill arising on acquisition is recognised in the consolidated balance sheet as an asset and amortised on the straight-line basis over its estimated useful life of five years.

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of goodwill which remains unamortised and any relevant reserves, as appropriate.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Goodwill *(continued)*

The carrying amount of goodwill is reviewed annually and written down for impairment when it is considered necessary. A previously recognised impairment loss for goodwill is not reversed unless the impairment loss was caused by a specific external event of an exceptional nature that was not expected to recur, and subsequent external events have occurred which have reversed the effect of that event.

Negative Goodwill

Negative goodwill arising on the acquisition of subsidiaries represents the excess of the Group's share of the fair values of the identifiable assets and liabilities acquired at the date of acquisition, over the cost of the acquisition.

To the extent that negative goodwill relates to expectations of future losses and expenses that are identified in the acquisition plan and that can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, that portion of negative goodwill is recognised as income in the consolidated profit and loss account when the future losses and expenses are recognised.

To the extent that negative goodwill does not relate to identifiable expected future losses and expenses at the date of acquisition, negative goodwill is recognised in the consolidated profit and loss account on a systematic basis over the remaining average useful life of the acquired depreciable/amortisable assets. The amount of any negative goodwill in excess of the fair values of the acquired non-monetary assets is recognised as income immediately.

On disposal of subsidiaries, the gain or loss on disposal is calculated by reference to the net assets at the date of disposal, including the attributable amount of negative goodwill which has not been recognised in the consolidated profit and loss account and any relevant reserves as appropriate.

Impairment of Assets

An assessment is made at each balance sheet date of whether there is any indication of impairment of any assets, or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's value in use or its net realisable value.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of Assets *(continued)*

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/ amortisation), had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is credited to the profit and loss account in the period in which it arises, unless the asset is carried at a revalued amount, when the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Tangible Fixed Assets and Depreciation

Tangible fixed assets, other than investment properties, are stated at cost less accumulated depreciation and any impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the profit and loss account in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the fixed asset, the expenditure is capitalised as an additional cost of that asset.

Depreciation is provided so as to write off the cost of each asset over its estimated useful life. The principal annual rates and bases used for this purpose are as follows:

Leasehold land	Over the lease terms
Buildings	2.5% on the straight-line basis
Leasehold improvements	25% on the reducing balance basis
Furniture, fixtures and equipment	15% on the reducing balance basis
Motor vehicles	20% on the reducing balance basis

The gain or loss on disposal or retirement of a fixed asset recognised in the profit and loss account is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investment Properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are intended to be held on a long term basis for their investment potential. Such properties are not depreciated and are stated at their open market values on the basis of annual professional valuations per formed at the end of each financial year. Changes in the values of investment properties are dealt with as movements in the investment property revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. Any subsequent revaluation surplus is credited to the profit and loss account to the extent of the deficit previously charged.

On the disposal of an investment property, the relevant portion of the investment property revaluation reserve realised in respect of previous valuations is released to the profit and loss account.

Properties held for Redevelopment

Properties held for redevelopment are stated at cost less impairment losses. Cost includes the acquisition cost of the properties and all costs attributable to such redevelopment.

Leased Assets

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in fixed assets and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the profit and loss account so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Lease where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the profit and loss account on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the profit and loss account on the straight-line basis over the lease terms.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Joint Venture Arrangement

Where an investment is made by means of joint venture structures which do not result in the Group having joint control with the other venturer, or any control nor significant influence over the joint venture, the investment in such joint venture is accounted for as a long term investment which is stated at cost less accumulated amortisation and any impairment losses. Amortisation is provided to write off the cost in proportion to the expected return over the life of the joint venture.

Long Term Investments

Long term non-trading investments in equity securities intended to be held for an identified long term purpose are stated at cost less impairment losses.

The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline has occurred, the carrying amount of each investment is reduced to fair value unless there is evidence that the decline is temporary. The amount of the reduction is recognised as an expense in the profit and loss account.

Other long term investments are investments in listed equity securities and are stated at their fair values on the basis of their quoted market prices at the balance sheet date on an individual investment basis. The gains or losses arising from changes in the fair value of a security are credited or charged to the profit and loss account for the period in which they arise.

Short Term Investments

Short term investments are investments in equity securities held for trading purposes and are stated at their fair values on the basis of their quoted market prices at the balance sheet date, on an individual investment basis. The gains or losses arising from changes in the fair value of a security are credited or charged to the profit and loss account for the period in which they arise.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is arrived at on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices less further costs expected to be incurred to completion and disposal.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

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 profit and loss account because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes profit and loss account 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 assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks of rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, in the period in which the services are rendered;

(c) from the sale of properties, on the exchange of legally binding sale and purchase agreements;

(d) from securities dealing and trading, on the transaction dates when the relevant contract notes are exchanged;

(e) commission and brokerage income on securities dealing, on the trade date basis;

(f) interest income, on a time proportion basis, taking into account the principal outstanding and the effective interest rate applicable;

(g) rental income, on the straight-line basis over the lease terms; and

(h) dividends, when the shareholders' right to receive payment has been established.

Foreign Currencies

Foreign currency transactions during the year are initially recorded at the applicable exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the applicable exchange rates ruling at that date. Exchange gains and losses are dealt with in the profit and loss account.

On consolidation, the financial statements of overseas subsidiaries denominated in foreign currencies are translated into Hong Kong dollars using the net investment method. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the weighted average exchange rates for the year, and their balance sheets are translated into Hong Kong dollars at the exchange rates ruling at the balance sheet date. The resulting translation differences arising on consolidation are dealt with in the exchange fluctuation reserve.

For the purpose of the consolidated cash flow statement, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the date of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee Benefits

(a) Retirement benefits scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the profit and loss account as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions, except for voluntary contributions, vest fully with the employees when contributed into the MPF Scheme.

(b) Employment Ordinance long service payments

Certain of the Group's employees have completed the required number of years of service to the Group in order to be eligible for long service payments under the Hong Kong Employment Ordinance in the event of the termination of their employment. The Group is liable to make such payments in the event that such a termination of employment meets the circumstances specified in the Employment Ordinance. A provision is recognised in respect of the probable future long service payments expected to be made. The provision is based on the best estimate of the probable future payments which have been earned by the employees from their service to the Group to the balance sheet date.

(c) Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme 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 recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of 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 the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial report.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's business segments represent a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments.

Summary details of the business segments are as follows:

– the general import and export trading segment mainly engages in the trading of garment and garment-related goods;

– the securities dealing and broking segment provides underwriting, margin financing, trading and broking services mainly on marketable securities;

– the financing segment engages in money lending;

– the property development and investment segment engages in property development and the sale and letting of properties;

– the strategic investment segment engages in investments for an identified long term purpose;

– the corporate segment comprises corporate income and expense items; and

– the others segment comprises principally trading of securities.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers and assets are attributed to the segments based on the location of the assets.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(a) Business Segments

The following tables present the revenue, profit/(loss) and certain assets, liabilities and expenditure information for the Group's business segments:

	General import and export trading HK$'000	Securities dealing and broking HK$'000	Financing HK$'000	Property development and investment HK$'000	Strategic investments HK$'000	Corporate HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Profit and loss account for the year ended 31 March 2005									
Segment revenue:									
External sales	76,411	10,048	10,084	3	–	–	–	–	96,546
Other revenue	540	321	4,030	–	25,062	2	593	–	30,548
Inter-segment sales	–	1,084	–	1,000	–	19,778	–	(21,862)	–
Total revenue	76,951	11,453	14,114	1,003	25,062	19,780	593	(21,862)	127,094
Segment result	(1,644)	3,341	12,513	2,119	2,995	(13)	(11,823)	(256)	7,232
Interest and dividend income and unallocated gains									64
Profit from operations									7,296
Finance costs									(6,795)
Profit before tax									501
Tax									(573)
Loss before minority interests									(72)
Minority interests									3,328
Net profit for the year									3,256
Balance sheet at 31 March 2005									
Segment assets	8,643	48,785	20,624	61,060	166,846	12,220	8,311	–	326,489
Unallocated assets									110
Consolidated total assets									326,599
Segment liabilities	3,824	9,696	163	257	44,152	2,572	103	–	60,767
Unallocated liabilities									116,180
Consolidated total liabilities									176,947
Other information:									
Depreciation	175	383	–	1	89	690	–	–	1,338
Amortisation	–	–	–	–	23,421	–	–	–	23,421
Impairment (gain)/loss	–	–	–	(3,000)	423	–	–	–	(2,577)
Other significant non-cash expenses/(income)	304	598	4,618	–	(7,054)	1,163	4,495	3,242	7,366
Capital expenditure	124	4	–	–	–	61	–	–	189

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(a) Business Segments *(continued)*

	General import and export trading HK$'000	Securities dealing and broking HK$'000	Financing HK$'000	Property development and investment HK$'000	Strategic investments HK$'000	Corporate HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Profit and loss account for the year ended 31 March 2004									
Segment revenue:									
External sales	98,221	12,984	3,451	72	–	–	–	–	114,728
Other revenue	1,705	2,887	677	4,307	2,566	184	20	–	12,346
Inter-segment sales	–	2,392	18	720	–	14,732	–	(17,862)	–
Total revenue	99,926	18,263	4,146	5,099	2,566	14,916	20	(17,862)	127,074
Segment result	(3,579)	3,593	(1,852)	15,918	(293,218)	(11,984)	(4,240)	–	(295,362)
Interest and dividend income and unallocated gains									35,355
Loss from operations									(260,007)
Finance costs									(8,829)
Loss before tax									(268,836)
Tax									655
Loss before minority interests									(268,181)
Minority interests									110,505
Net loss for the year									(157,676)
Balance sheet at 31 March 2004									
Segment assets	12,528	61,474	22,170	58,139	175,985	16,762	11,182	–	358,240
Unallocated assets									484
Consolidated total assets									358,724
Segment liabilities	5,119	18,630	117	265	47,781	2,245	585	–	74,742
Unallocated liabilities									135,442
Consolidated total liabilities									210,184
Other information:									
Depreciation	135	406	–	2	89	976	–	–	1,608
Amortisation	–	–	–	–	69,094	–	–	–	69,094
Impairment (gain)/loss	–	–	–	(12,000)	56,765	1,495	–	–	46,260
Other significant non-cash expenses/(income)	–	5,636	6,143	(1,150)	166,855	1,009	–	–	178,493
Capital expenditure	267	70	–	–	–	498	–	–	835

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(b) Geographical Segments

The following table presents revenue and certain assets and expenditure information for the Group's geographical segments:

	2005	2004
	HK$'000	*HK$'000*
Hong Kong	**38,011**	42,344
Europe	**57,745**	68,801
North America	**–**	3,067
Others	**790**	516
	96,546	114,728

	Segment assets		**Capital expenditure**	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**166,828**	192,173	**189**	835
Mainland China	**159,771**	166,551	**–**	–
	326,599	358,724	**189**	835

5. TURNOVER, OTHER REVENUE AND GAINS

	2005 HK$'000	2004 HK$'000
Turnover		
Invoiced value of goods sold, net of returns and allowances	**76,411**	98,221
Commission and brokerage income from securities dealing	**4,478**	6,739
Interest income from the financing business	**15,654**	9,696
Gross rental income	**3**	72
	96,546	114,728
Other revenue		
Interest income	**49**	518
Dividend income from listed investments	**15**	12
Dividend income from an unlisted investment	**–**	34,825
Other income	**2,514**	6,855
	2,578	42,210
Gains		
Negative goodwill recognised as income	**2,164**	2,164
Gain on disposals of investment properties	**–**	3,327
	2,164	5,491
	4,742	47,701

6. PROFIT/(LOSS) FROM OPERATIONS

Profit/(loss) from operations have been arrived at after charging:

	2005	2004
	HK$'000	*HK$'000*
Depreciation	**1,338**	1,608
Staff costs (including directors' remuneration):		
Salaries and allowances	**14,137**	14,496
Retirement benefit scheme contributions	**351**	474
	14,488	14,970
Auditors' remuneration	**598**	503
Minimum lease payments under operating leases for land and buildings	**1,274**	1,608
Net loss on foreign currencies exchange	**–**	257
Other expenses:		
– Unrealised holding losses on listed investments	**8,582**	611
– Amortisation of goodwill	**584**	584
– Loss on disposal of investment properties	**–**	850
– Loss on disposal of fixed assets	**1,163**	1,009
– Impairment loss of land and buildings	**–**	1,495
– Sundry expenses	**–**	29
	10,329	4,578
Gross and net rental income	**3**	72

7. FINANCE COSTS

	2005	2004
	HK$'000	HK$'000
Interest on bank loans and overdrafts wholly repayable:		
– Within five years	**2,542**	2,321
– Over five years	**4,155**	6,381
Interest charges for hire purchase contracts	**98**	127
	6,795	8,829

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' remuneration

Directors' remuneration disclosed pursuant to section 161 of the Hong Kong Companies Ordinance is as follows:

	2005	2004
	HK$'000	HK$'000
Fees	**180**	100
Other emoluments		
– Salaries, allowances and other benefits	**4,331**	4,502
– Retirement benefit scheme contributions	**95**	114
	4,606	4,716

The remuneration of directors is within the following bands:

	Number of directors	
	2005	2004
Nil – HK$1,000,000	**5**	6
HK$1,000,001 – HK$1,500,000	**1**	2
HK$2,000,001 – HK$2,500,000	**1**	–
	7	8

Included in the directors' remuneration disclosed above were fees of HK$180,000 (2004: HK$100,000) paid to the independent non-executive directors during the year.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES *(Continued)*

(b) Five highest paid employees

The five highest paid employees during the year included three (2004: four) directors, details of whose remuneration are disclosed above. The emoluments of the remaining two (2004: one) highest paid employee are as follows:

	2005	2004
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	**1,503**	1,006
Retirement benefit scheme contributions	**60**	49
	1,563	1,055

9. TAXATION

(a) Taxation in the consolidated profit and loss account represents:

	2005	2004
	HK$'000	*HK$'000*
Provision for Hong Kong profits tax		
Current year	**266**	–
Overprovision in prior years	**–**	(1,250)
	266	(1,250)
Deferred tax		
Current year	**307**	680
Effect of change in tax rate	**–**	(85)
Tax charge/(credit) for the year	**573**	(655)

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the year.

9. TAXATION *(Continued)*

(b) The taxation for the year can be reconciled to the profit/(loss) before taxation as follows:

	2005	2004
	HK$'000	*HK$'000*
Profit/(loss) before taxation	**501**	(268,836)
Tax at Hong Kong profits tax rate of 17.5%	**88**	(47,046)
Tax effect of expenses not deductible for tax purpose	**2,432**	47,950
Tax effect of income not taxable for tax purpose	**(2,115)**	(2,457)
Overprovision in respect of prior year	**–**	(1,250)
Tax effect of tax losses not recognised	**2,245**	1,940
Utilisation of tax losses previously not recognised	**(2,299)**	(387)
Increase in opening deferred tax asset resulting from increase in Hong Kong profit tax rate	**–**	(85)
Others	**222**	680
Tax charge/(credit)	**573**	(655)

The domestic tax rate in Hong Kong is used as it is where the operation of the Group is substantially based.

(c) the Group has not recognised deferred tax assets in respect of tax losses of HK$337,000,000 (2004: HK$299,000,000). The tax losses do not expire under the current tax legislation.

10. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders for the year ended 31 March 2005 dealt with in the financial statements of the Company was HK$3,406,000 (2004: HK$156,497,000).

11. DIVIDENDS

During the year, the Directors declared to pay an interim dividend of HK$0.025 (the "Cash Dividend"), totaling HK$468,000, for every 100 shares of the Company held at 6 January 2005.

Other than the Cash Dividend, the Board also declared an interim dividend in specie that was satisfied by the distribution of one share of each of M Dream Inworld Limited ("M Dream") and B.A.L. Holdings Limited ("B.A.L.") and two shares of Riverhill Holdings Limited ("Riverhill") for every 100 shares of the Company held at 6 January 2005.

On the basis of 1,871,188,679 issued shares of the Company at the date of approval of the interim report, 18,711,887 shares of HK$0.01 each of M Dream, 18,711,887 Shares of HK$0.01 each of B.A.L. and 37,423,774 shares of HK$0.1 each of Riverhill will be distributed (the "Distribution Shares"). The net carrying value of the Distribution Shares at the balance sheet date was approximately HK$1,676,000.

The dividend warrants of the Cash Dividend and the share certificates of the Distribution Shares had been dispatched to the shareholders on 21 January 2005.

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2005.

12. EARNINGS/LOSS PER SHARE

The calculation of basic earnings/loss per share is based on the net profit attributable to shareholders of HK$3,256,000 (2004: net loss of HK$157,676,000) and the weighted average of 1,871,188,679 (2004: 1,750,282,292) ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31 March 2005 is based on the net profit attributable to shareholders of HK$3,256,000 and the weighted average of 1,880,116,997 ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the share option scheme of the Company.

Diluted loss per share for the year ended 31 March 2004 has not been disclosed, as the options outstanding during that year had an anti-dilutive effect on the basic loss per share for that year.

13. TANGIBLE FIXED ASSETS

	Leasehold land and buildings HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:					
At 1 April 2004	2,444	1,813	4,953	4,037	13,247
Additions	–	150	39	–	189
Disposals	(2,444)	(445)	(257)	–	(3,146)
At 31 March 2005	–	1,518	4,735	4,037	10,290
Accumulated Depreciation:					
At 1 April 2004	561	1,328	3,254	1,177	6,320
Charges for the year	32	140	545	621	1,338
Written back on disposals	(593)	(194)	(124)	–	(911)
At 31 March 2005	–	1,274	3,675	1,798	6,747
Net Book Value:					
At 31 March 2005	–	244	1,060	2,239	3,543
At 31 March 2004	1,883	485	1,699	2,860	6,927

The net book value of motor vehicles held under hire purchase contracts at 31 March 2005 amounted to HK$2,154,000 (2004: HK$2,693,000).

14. GOODWILL

	Goodwill	Negative goodwill	Net
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1 April 2004 and 31 March 2005	12,195	(10,821)	1,374
Accumulated amortisation and impairment/(accumulated amount recognised as income):			
At 1 April 2004	10,100	(8,116)	1,984
Amortisation for the year	584	–	584
Amount recognised as income during the year	–	(2,164)	(2,164)
At 31 March 2005	10,684	(10,280)	404
Carrying Amount:			
At 31 March 2005	1,511	(541)	970
At 31 March 2004	2,095	(2,705)	(610)

15. INVESTMENT PROPERTY

	2005	2004
	HK$'000	*HK$'000*
At 1 April 2004	**13,000**	17,580
Disposals	**–**	(6,580)
Revaluation increase	**1,000**	2,000
At 31 March 2005	**14,000**	13,000
Analysis by lease term and geographical location:		
Leasehold property situated in Hong Kong held under medium term lease	**14,000**	13,000

The investment property was valued by Chesterton Petty Limited, an independent professionally qualified property valuer, on an open market, existing use basis at 31 March 2005. The investment property is pledged to secure banking facilities granted to the Group, as detailed in note 26 to the financial statements.

16. PROPERTY HELD FOR REDEVELOPMENT

	2005	2004
	HK$'000	*HK$'000*
At 1 April 2004	**45,000**	33,000
Add: Impairment written back	**2,000**	12,000
At 31 March 2005	**47,000**	45,000

The property held for redevelopment is situated in Hong Kong, held under medium term lease and pledged to secure banking facilities granted to the Group, as further detailed in note 26 to the financial statements.

17. INTERESTS IN SUBSIDIARIES

	Company 2005 HK$'000	Company 2004 HK$'000
Unlisted shares, at cost	**4,100**	4,100
Less: Provision for impairment	**(4,100)**	(4,100)
	–	–
Amount due from a subsidiary	**566,597**	571,618
Less: Provision against an amount due from a subsidiary	**(423,690)**	(423,690)
	142,907	147,928
	142,907	147,928

The amount due from a subsidiary is unsecured, interest-free (2004: bearing interest at 2% per annum) and has no fixed repayment terms.

Particulars of the principal subsidiaries at 31 March 2005 are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Devonia Development Limited	Hong Kong	HK$10,000	–	100	Property development
Ever-Long Finance Limited	Hong Kong	HK$22,500,000	–	100	Provision of financing services
Ever-Long Securities Company Limited	Hong Kong	HK$100,000,000	–	100	Securities broking and provision of financing services

17. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Kalomex (International) Limited	Hong Kong	HK$2,000,000	–	100	Trading of garment
Kippton Limited	Hong Kong	HK$10,000	–	86.8	Investment holding
Sheng Da Investment Holding (Hong Kong) Limited ("Sheng Da")	Hong Kong	HK$204,082	–	48.9*	Investment holding
Styland (Development) Limited	Hong Kong	HK$4	–	100	Property development
Styland Enterprises Limited	Hong Kong	HK$2	100	–	Provision of management services
Styland (International) Limited	Hong Kong	HK$100,000	–	100	Securities trading
Thunderbolt Property Corp.	British Virgin Islands/ Hong Kong	HK$8	100	–	Investment holding

* Sheng Da is a subsidiary of Kippton Limited, an 86.8% indirectly owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of control.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

18. INTEREST IN A JOINT VENTURE

	2005	2004
	HK$'000	HK$'000
Unlisted investment, at cost	551,837	551,837
Less: Accumulated amortisation	(268,331)	(245,494)
Impairment loss	(152,076)	(174,913)
	131,430	131,430
Amount due to the joint venture	(6,954)	(2,386)
Dividend receivable	18,898	20,534
	143,374	149,578

Investment in a joint venture represents the investment in a Sino-foreign co-operative joint venture (the "JV"), Wuhan Dongsheng Highway Building Development Company Limited ("Dongsheng"). The principal activity of Dongsheng is the development and operations of a section of National Highway 318 as a toll expressway in the PRC for a tenure of 19.5 years commencing from 10 November 1995, including 1.5 years of construction and development period and an operational period of 18 years.

Pursuant to the joint venture agreement, the Group cannot control or exercise significant influence over Dongsheng and is only entitled to profit distribution throughout the operational period of 18 years. Upon expiry of the joint venture, the toll expressway will be returned to the joint venture partner.

As the JV partner had unilaterally relocated the toll station of the National Highway 318 during the year ended 31 March 2004, the Group therefore decided to dispose of its interest in the JV to the JV partner.

The investment in Dongsheng is pledged to secure a bank loan granted to the Group, as further detailed in note 26 to the financial statements.

The amount due to the joint venture is unsecured, bearing interest at prevailing market rate and has no fixed repayment terms.

19. LONG TERM INVESTMENTS

	2005 HK$'000	2004 HK$'000
Long term non-trading investments		
Listed equity investments in Hong Kong, at cost	**49,816**	107,684
Less: Provision for impairment	**(48,500)**	(103,659)
	1,316	4,025
Unlisted equity investment, at cost	**138,267**	138,267
Less: Provision for impairment	**(137,127)**	(137,127)
	1,140	1,140
	2,456	5,165

Company	Place of incorporation	Class of shares held	Percentage of equity attributable to the Group
Riverhill Holdings Limited	Cayman Islands	Ordinary	10.21
M Dream Inworld Limited	Cayman Islands	Ordinary	0.26
Well Pacific Investments Limited	British Virgin Islands	Ordinary	22
Seven Perfect Investment Co., Limited	British Virgin Islands	Ordinary	20
World Mark Investment Limited	British Virgin Islands	Ordinary	40

In the opinion of the directions, the Group is not in a position to exercise significant influence over the above companies and, accordingly, such investments are treated as long term investments and not as associates.

The market value of the long term non-trading listed equity investments which are stated at cost less impairment losses at the balance sheet date, was approximately HK$131,000 (2004: HK$4,720,000).

20. INVENTORIES

	2005	2004
	HK$'000	*HK$'000*
Raw materials	**419**	355
Finished goods	**670**	1,243
	1,089	1,598

No inventories were carried at net realisable value at 31 March 2005 (2004: Nil).

21. LOANS RECEIVALBE

An aged analysis of loans receivable is as follows:

	2005	2004
	HK$'000	*HK$'000*
Within 6 months	**39,788**	25,532
7 to 12 months	**4,205**	14,824
Over 1 year	**50,400**	75,855
	94,393	116,211
Less: Provision for doubtful debts	**(49,144)**	(56,014)
	45,249	60,197
Securities dealing and broking business:		
Amounts receivable from margin clients	**33,020**	38,477
Financing business:		
Secured loans	**9,627**	17,556
Unsecured loans	**2,602**	4,164
	45,249	60,197

Loans receivable arise from the Group's financing business and bear interest at the prevailing market rates.

22. ACCOUNTS RECEIVALBE

	2005	2004
	HK$'000	*HK$'000*
Balance in relation to:		
Securities dealing and broking	**2,398**	3,184
General trading and others	**6,240**	6,194
	8,638	9,378
An aged analysis of the Group's accounts receivable is as follows:		
Within 6 months	**8,309**	9,303
7 to 12 months	**531**	351
Over 1 year	**500**	4,338
	9,340	13,992
Less: Provision for doubtful debts	**(702)**	(4,614)
	8,638	9,378

Trading terms with general trading customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 to 60 days of issuance, except for certain well-established customers, where the terms are extended to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by senior management.

23. SHORT TERM INVESTMENTS

	2005	2004
	HK$'000	*HK$'000*
Listed equity investments in Hong Kong, at market value	**11,065**	17,309

24. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2005	2004
	HK$'000	HK$'000
Balance in relation to:		
Securities dealing and broking	**9,695**	19,502
General trading and others	**14,258**	14,753
	23,953	34,255
An aged analysis of the Group's accounts payable is as follows:		
Within 6 months	**7,737**	16,875
7 to 12 months	**116**	660
Over 1 year	**3,066**	4,835
Accounts payable	**10,919**	22,370
Other payable and accruals	**13,034**	11,885
	23,953	34,255

25. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The Group has acquired certain of its motor vehicles for business use under hire purchase contracts.

At 31 March 2005, the total future minimum lease payments under hire purchase contracts and their present values were as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2005	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable:				
Within one year	**893**	893	**843**	795
In the second year	**409**	893	**402**	843
In the third to fifth years, inclusive	**–**	409	**–**	402
Total minimum hire purchase payments	**1,302**	2,195	**1,245**	2,040
Less: Future hire purchase interest	**(57)**	(155)		
Hire purchase payables	**1,245**	2,040		
Portion classified as current liabilities	**(843)**	(795)		
Long term portion	**402**	1,245		

26. INTEREST-BEARING BANK LOANS

	2005	2004
	HK$'000	*HK$'000*
Bank loans, secured	**103,800**	120,697
Bank overdrafts, secured	**5,951**	7,866
Total bank loans	**109,751**	128,563
Portion classified as current liabilities	**(48,800)**	(48,572)
Long term portion	**60,951**	79,991
Bank loans and overdrafts are repayable:		
Within one year	**48,800**	48,572
In the second year	**46,657**	19,039
In the third to fifth years, inclusive	**5,688**	50,450
Beyond five years	**8,606**	10,502
	109,751	128,563

The Group's bank loans and overdrafts are secured by:

(i) margin clients' listed securities under the securities dealing and broking business;

(ii) marketable securities of secured loan borrowers under the financing business;

(iii) the Group's investment property and property held for redevelopment;

(iv) the Group's time deposit; and

(v) investment in a joint venture.

27. SHARE CAPITAL

	2005	2004
	HK$'000	*HK$'000*
Authorised;		
200,000,000,000 Ordinary shares of HK$0.01 each	**2,000,000**	2,000,000
Issued and fully paid:		
1,871,188,679 Ordinary shares of HK$0.01 each	**18,712**	18,712

A summary of movements of the Company's issued share capital is as follows:

	Number of shares in issue	**Share capital**
		HK$'000
At 31 March 2004 and 2005	1,871,188,679	18,712

28. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Under the Scheme which was approved and adopted in a special general meeting of the Company held on 23 August 2002, the directors may, within a period of 10 years, grant to directors and/or executives of the Group, non-transferrable options to subscribe for shares in the Company.

The maximum number of shares issuable under share options to each eligible participant within any 12-month period is limited to 1% of the shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

28. SHARE OPTION SCHEME *(Continued)*

Share options granted to a director, chief executive or substantial shareholder, or to any of their associates, are subject to approval in advance by the independent non-executive directors.

The exercise price of the share options is determined by directors, but may not be less than the higher of (i) the Stock Exchange closing price of the shares on the date of grant of the share options; and (ii) the average Stock Exchange closing price of the shares for the five trading days immediately preceding the date of the grant.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following was the share option movements under scheme during the year:

	Number of share options							
Name of grantee	**At 1 April 2004**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**At 31 March 2005**	**Date of grant of share options**	**Exercise period of share options**	**Exercise price of share options**
								HK$
Director								
Mr. Johnny Wing Fai Tam	17,000,000	–	–	–	17,000,000	13 Nov 2003	13 Nov 2003 – 12 Nov 2006	0.0228
Employee A	14,549,800	–	–	–	14,549,800	20 Jun 2003	20 Jun 2003 – 19 Jun 2006	0.0148
Employee B	17,000,000	–	–	–	17,000,000	13 Nov 2003	13 Nov 2003 – 12 Nov 2006	0.0228
Total	48,549,800	–	–	–	48,549,800			

As at 31 March 2005, the Company had 48,549,800 share options outstanding under the Scheme.

29. RESERVES

	Share premium account HK$'000	Capital redemption reserve HK$'000	Special capital reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
Company						
At 1 April 2003	33,438	6,040	571,147	621,562	(946,881)	285,306
Special dividend paid	–	–	–	(1,749)	–	(1,749)
Issue of new shares upon exercise of share options	2,393	–	–	–	–	2,393
Net loss for the year	–	–	–	–	(156,497)	(156,497)
At 31 March 2004 and 1 April 2004	35,831	6,040	571,147	619,813	(1,103,378)	129,453
Interim dividend paid	–	–	–	(2,144)	–	(2,144)
Net loss for the year	–	–	–	–	(3,406)	(3,406)
At 31 March 2005	35,831	6,040	571,147	617,669	(1,106,784)	123,903

The Company's contributed surplus represents the difference between the fair value of the subsidiaries acquired pursuant to the Group reorganisation in November 1991 and the nominal value of the shares issued by the Company and the transfer from share premium account of HK$600,000,000 in December 2000, less the transfer to the capital redemption reserve of HK$6,040,000 in November 2000. Under the Companies Act 1981 of Bermuda (as amended) (the "Act"), the Company's contributed surplus is distributable to shareholders under certain circumstances.

Special capital reserve represents the amounts transferred from the Company's share capital upon adjustments of the nominal value of the Company's share in prior years. Under the Act, the special capital reserve is distributable to shareholders under certain circumstances.

30. OPERATING LEASE ARRANGEMENTS

At 31 March 2005, the Group had total future minimum lease payments under noncancellable operating leases falling due as follows:

	2005	2004
	HK$'000	HK$'000
Within one year	**786**	772
In the second to fifth years, inclusive	**513**	110
	1,299	882

The Company had no commitment under operating leases at the balance sheet date (2004: Nil).

31. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 30 above, the Group had the follow capital commitments at the balance sheet date.

	2005	2004
	HK$'000	HK$'000
Authorised, but not contracted for:		
Property held for redevelopment	**9,000**	9,000

32. CONTINGENT LIABILITIES

As at 31 March 2005, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the banking facilities granted to certain subsidiaries, of which HK$18,086,000 (2004: HK$38,358,000) had been utilised at 31 March 2005.

33. LITIGATION

(1) In December 2004, the Company received a writ of summons from the solicitors acting for C.A. Pacific Finance Limited (in liquidation) to claim a sum of HK$1,197,349.50 (the "Claimed Amount") due by Eastex Investment Far East Limited (formerly known as Styland Investment Far East Limited), a former subsidiary of the Company that was disposed in December 1997 (the "CAP Case"). After seeking legal advices, the Company has filed a defence to deny the claim. In view of foregoing and that the Claimed Amount is relatively small compared to the net assets value of the Company, the Directors do not consider the CAP Case having a material impact on the Company.

33. LITIGATION *(Continued)*

(2) In June 2003, Hainan Wanzhong Shiye Touzi Co., Ltd. (海南萬眾實業投資有限公司) ("Hainan Wanzhong") sued Wuhan Shengda Fangdichan Kaifa Co., Ltd. (武漢盛達房地產開發有限公司) ("Shengda Fangdichan") and Sheng Da Investment Holding (Hong Kong) Limited ("Sheng Da"), a non-wholly owned subsidiary of the Company, for repayment of a debt in the sum of RMB19,270,000, interest thereon and legal costs (the "Shengda Case"). Both Hainan Wanzhong and Shengda Fangdichan are companies incorporated in the PRC and independent to the Company. The reason for Sheng Da to be involved in the Shengda Case was that Hainan Wanzhong alleged that Shengda Fangdichan held shareholding interest in and had a receivable due from Sheng Da. On 22 August 2003, the court of Hainan issued a Notice of Assistance in Execution against Wuhan Dongsheng Highway Building Development Co. Limited, in which Sheng Da has 48.67% shareholding interest, requesting for retaining the dividend to be distributed to Sheng Da up to RMB19,270,000 ("Retained Amount") until the dispute is resolved.

The Board understands that Shengda Case related to an agreement executed by Sheng Da in 1995. Pursuant to shareholders' resolution passed in 2003, three existing shareholders ("Old Shareholders") of Sheng Da, who in total currently holds 44.32% interest in Sheng Da and have been the shareholders of Sheng Da before the Company initially acquired any interests in Sheng Da in 1997, undertook that they would bear any liability and relevant costs arising from the Shengda Case ("Undertaking"). In March 2005, Sheng Da received a letter from the Old Shareholders denying bearing such liability and legal costs. Nevertheless, the Directors consider that:

(i) the Group is not liable for any debt arising from Shengda Case;

(ii) the subject of the Shengda Case was to claim for receivable due from Shengda Fangdichan to Hainan Wanzhong and Sheng Da shouldn't be claimed for; and

(iii) the Group will not accept the withdrawal of the Undertaking by the Old Shareholders unilaterally and any future dividend or distribution payable to the Old Shareholders shall still be retained by Sheng Da to set off the Retained Amount. As such, there will be no material financial impact to the Group.

(3) Reference is made to the note 15(2) to the condensed consolidated financial statements for the six months ended 30 September 2004. In February 2005, the Company received a court order that the claims against the Company and certain of its existing directors and ex-directors by Messrs. Sun Jinlin (孫進林) and Lin Wen (林文) were dismissed.

34. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's presentation.