



英皇集團（國際）有限公司  
Emperor International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 163)



Annual Report 2007/2008

## CONTENTS

Corporate Information	2
Chairperson's Statement	3
Biographies of Directors and Senior Executives	10
Directors' Report	12
Corporate Governance Report	27
Independent Auditor's Report	33
Consolidated Income Statement	35
Consolidated Balance Sheet	36
Consolidated Statement of Changes In Equity	38
Consolidated Cash Flow Statement	40
Notes to the Financial Statements	42
Financial Summary	112
Summary of Properties	113

## CORPORATE INFORMATION

### DIRECTORS

Luk Siu Man, Semon\* (*Chairperson*)  
Wong Chi Fai (*Managing Director*)  
Fan Man Seung, Vanessa (*Managing Director*)  
Cheung Ping Keung  
Mok Fung Lin, Ivy  
Chan Man Hon, Eric\*\*  
Liu Hing Hung\*\*  
Law Ka Ming, Michael\*\*

\* *Non-executive Director*

\*\* *Independent Non-executive Directors*

### COMPANY SECRETARY

Mok Fung Lin, Ivy, LL.B. (Hons.) P.C.LL, MBA

### QUALIFIED ACCOUNTANT

Li Kim Ming, AHKSA

### AUDIT COMMITTEE

Chan Man Hon, Eric (*Chairman*)  
Liu Hing Hung  
Law Ka Ming, Michael

### REMUNERATION COMMITTEE

Wong Chi Fai (*Chairman*)  
Liu Hing Hung  
Law Ka Ming, Michael

### AUDITOR

Deloitte Touche Tohmatsu

### REGISTERED OFFICE

Clarendon House  
Church Street  
Hamilton HM11  
Bermuda

### PRINCIPAL OFFICE

28th Floor  
Emperor Group Centre  
288 Hennessy Road  
Wanchai  
Hong Kong

### REGISTRAR (in Bermuda)

Butterfield Fund Services (Bermuda) Limited  
Rosebank Centre  
11 Bermudiana Road  
Pembroke HM08  
Bermuda

### REGISTRAR (in Hong Kong)

Tricor Secretaries Limited  
26th Floor  
Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

### BANKERS

The Hongkong and Shanghai Banking  
Corporation Limited  
Fubon Bank (Hong Kong) Limited  
The Bank of East Asia, Limited  
Wing Hang Bank, Limited  
Chong Hing Bank Limited  
Hang Seng Bank Limited

### AMERICAN DEPOSITARY BANK

The Bank of New York Mellon  
BNY Mellon Shareowner Services  
P.O. Box 358516  
Pittsburgh, PA15252-8516

### WEBSITE

<http://www.emp163.com>

### STOCK CODE

163

## CHAIRPERSON'S STATEMENT

FINANCIAL HIGHLIGHTS (Unaudited)  
Results

	Lease of properties		Sales of properties		Property development		Hotel operations		Discontinued and others operations		Total	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Turnover	<u>201,379</u>	164,697	<u>1,487,218</u>	18,993	–	–	<u>70,283</u>	69,495	<u>11,284</u>	155,329	<u>1,770,164</u>	408,514
Contribution	<u>184,568</u>	146,307	<u>600,000</u>	67,157	<u>(16,326)</u>	(28,481)	<u>9,037</u>	8,261	<u>3,388</u>	62,460	<u>780,667</u>	255,704
Revaluation	<u>743,945</u>	259,018	<u>4,112</u>	–	<u>(6,643)</u>	79,041	–	–	–	–	<u>741,414</u>	338,059
Operation results (including finance costs)	<u>800,503</u>	289,988	<u>602,211</u>	67,157	<u>(30,763)</u>	50,560	<u>9,037</u>	8,261	<u>3,388</u>	62,460	<u>1,384,376</u>	478,426
Add/(Less):												
Unallocated corporate expenses – net											<u>(49,689)</u>	(37,808)
Share option costs											<u>(14,957)</u>	–
Donations											<u>(9,334)</u>	(6,447)
Bad debt recovery											–	10,591
Gain on disposal of subsidiaries											<u>3,777</u>	–
Share of contribution by Emperor Entertainment Hotel Limited											<u>77,412</u>	94,882
Profit for the year attributable to equity holders of the Company											<u>1,317,917</u>	487,677
Earnings per share											<u>HK\$0.79</u>	HK\$0.36
<b>Balance Sheet</b>												
Total assets											<u>10,920,846</u>	8,071,525
Total liabilities											<u>4,520,353</u>	3,405,265
Net assets											<u>6,400,493</u>	4,666,260

# CHAIRPERSON'S STATEMENT

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

For the year ended 31st March, 2008 (the "Year"), Emperor International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") recorded revenue of approximately HK\$1,765.2 million from continuing operations, a substantial rise of HK\$1,480.4 million or approximately 519.7% from HK\$284.8 million in the previous year. Profit attributable to equity holders of the Company was HK\$1,317.9 million as compared to HK\$487.7 million for last year. Earnings per share was HK\$0.79, rose by 119.4% from HK\$0.36 in 2007.

Profit for the Year was mainly attributable to profit on sales of properties, rise of rental income and fair value gains on investment properties. The Group also enjoyed contributions from its associate company, Emperor Entertainment Hotel Limited ("EEH"). The associate company contributed approximately HK\$77.4 million during the Year (2007: HK\$94.9 million), mainly from the Grand Emperor Hotel in Macau and the two self-managed VIP halls in the hotel.

The underlying profit for the Year of the Group, excluding the revaluation surplus of investment properties, was HK\$574.0 million, an increase of HK\$345.3 million or approximately 151.0% over HK\$228.7 million of 2007. During the Year, the Company has successfully spun off its investment brokerage and financing operation.

As at 31st March, 2008, net asset value attributable to equity shareholders amounted to HK\$6,400.4 million, representing approximately 37.2% higher than the amount of HK\$4,665.8 million a year earlier. Gearing ratio was approximately 35.1%.

### Business Review

#### *Property Investment*

Property development and investment is the Group's core business, with rental income from investment properties being one of the Group's main income contributors. Revenue from lease of investment properties amounted to HK\$201.4 million, approximately 22.3% up from HK\$164.7 million in 2007.

The Group's investment property portfolio mainly consists of shops and offices in Hong Kong and Macau. A continuously improving economy and property market had resulted in satisfactory increment in rental rates and values of the properties.

The Group had a sustainable overall occupancy rate of over 95% for its retail properties, attributable to the prime locations of the majority of the Group's retail properties. Key investment properties include the shopping mall at Emperor Group Centre in Wanchai, Emperor Plaza in Tsuen Wan, a number of shops and a mall at Russell Street, Causeway Bay. Retail rental was generally on the surge due to the rise in business turnover of tenants who benefited from the growth of tourist and local spendings.

In Hong Kong, the Group had expanded its portfolio of retail properties in prime locations, notably the areas with high pedestrian and tourist traffic including Causeway Bay and Central. The Group had also acquired a quality property of total areas of approximately 311,702 square feet in Kowloon Bay, enjoying the booming development of East Kowloon. The acquisition is expected to contribute a stable source of rental income over a long term.

## CHAIRPERSON'S STATEMENT

The Group also has a multi-function beach-front leisure and recreation complex in Repulse Bay under construction. The project, to provide a total gross floor area of approximately 166,824 square feet, is virtually completed during the Year. It is expected to generate long-term rental income for the Group.

Shortly before close of the Year, the Group had completed the acquisition of a premium property on Avenida da Praia Grande, a prime area for retail and commercial development in Macau. The site is of 5,425 square feet and provides a total gross floor area of approximately 29,673 square feet for a terrace of three-storey commercial/residential buildings with shops on the ground floor. The site is planned for redevelopment in 2009. The project is expected to generate stable rental income from leasing to retailers upon completion of redevelopment in 2010.

In PRC, the Group had an approximately 88,365 square feet site along Chang'an Avenue East in Beijing, which was planned to be developed into a comprehensive commercial complex. The project is intended to provide a total gross floor area of approximately 636,465 square feet, comprising a retail podium with high-end entertainment hot spots and a Grade-A office tower. Clearance work had commenced during the Year.

Taking benefit from the improving property market in Hong Kong and Macau, the Group recorded a revaluation surplus of HK\$741.4 million (2007: HK\$338.1 million). This included HK\$743.9 million from investment properties and HK\$4.1 million from properties planned to be sold.

### *Sale of Properties*

During the Year, the Group recorded a turnover of HK\$1,487.2 million from sale of properties and development sites, HK\$1,468.2 million or over 78 times more than HK\$19.0 million in 2007.

The surge was mainly due to the sale of a piece of residential land in Mid-Levels, Hong Kong for HK\$1,468 million in November 2007. The Group started acquisition of individual units in February 2006 and the purchase of the entire parcel was completed in September 2007. The Group recorded a profit of HK\$577.1 million from the sales, which demonstrated the Group's strength in property investment and the continuous improvement of the Hong Kong property market.

Apart from the Mid-Levels site, the Group had also sold a number of shops, residential flats, carparking and office space during the Year. The disposal of the properties provided resources to the Group to continue to improve the mix of its investment properties and bring in properties with satisfactory rental returns or high development value.

### *Property Development*

In Hong Kong, land supply is limited and there is an increasing demand for new flats on Hong Kong Island. With the management's property expertise, the Group has been able to identify and acquire several urban sites, and thus expanding its land bank. The area of the sites range from approximately 4,000 to 10,000 square feet in size and are planned to be redeveloped into residential, composite complexes or hotel development, which are in growing demand and provide developers with lucrative returns.

## CHAIRPERSON'S STATEMENT

The Group had teamed up with the joint venture partner of its Java Road project to co-acquire an adjacent site and successfully expanded the joint-redevelopment project (Group: 66%) on Java Road, North Point during the Year. The site, of a total of approximately 6,818 square feet, is to be developed into a multi-storey commercial/residential block with a total gross floor area of around 57,120 square feet. Demolition is nearly completed as in June 2008 and the project is expected to be completed in 2011.

Another redevelopment site is located at Shing On Street, Sai Wan Ho. The approximately 4,382 square feet site will provide a single residential tower block with a total gross floor area of approximately 44,007 square feet. Demolition had commenced in early 2008 and the project is expected to be completed in late 2011.

The Group owns a site on Des Voeux Road West, Western District. Subsequent to the Year, the Group successfully acquired an adjacent block, thus expanding the site to approximately 11,833 square feet. The site is expected to be developed into a residential block or hotel tower, capturing the rising demand of hotel rooms from tourists and business travellers. Demolition had commenced in late 2007 and the whole project is expected to complete in 2012.

The Group had also acquired a site on Prince's Road West in Kowloon, riding on the redevelopment potential following the building of Shatin-to-Central Rail Link. The acquisition was completed after the Year. The total site area is approximately 3,319 square feet. Demolition work is scheduled to commence in 2009 and the site is to be developed into a multi-storey residential/commercial block with a total gross floor area of approximately 29,846 square feet. The project is expected to be completed in 2012.

In PRC, the Group has a commercial/residential composite development project underway in Xiamen, known as Emperor Lakeside Metropolis which is expected to be completed in early 2009. Pre-sale of the residential units had commenced during the Year, with 48% of the units being sold as in June 2008.

As at 31 March 2008, the Group had a land bank in Hong Kong, Macau and PRC of approximately 700,000 square feet, comprising of land being acquired for development and redevelopment.

### *Hotel*

The Emperor (Happy Valley) Hotel in Hong Kong had recorded a steady performance during the Year. Revenue – mainly from the hotel's 150 guest rooms as well as food and beverage from the karaoke lounge and coffee shop – reached approximately HK\$70.3 million (2007: HK\$69.5 million).

Well established with an image of "value for money" in the market, the hotel continued to put great weight in developing corporate and individual travellers sectors as well as long-staying and trade fair sectors during the Year. The hotel not only continued to work closely with the global online reservations system but also participated actively in the bidding of trade show tenders and liaised with the events, sports and conference organisers.

The corporate business had shown a significant improvement during the Year. The hotel saw a revenue mix of corporate business and tour groups of 70:30, as against 60:40 in the previous year. Such revenue mix would render the revenue stream of the hotel more stable and balanced in the long run.

## CHAIRPERSON'S STATEMENT

### *Spin-off of Brokerage and Financing Operations*

As part of the Group's plan to redefine itself as a property player, the Group had spun off the brokerage and financing operations to ECG which became separately listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 24 April 2007. The shares of ECG were mainly distributed to shareholders of the Company by way of special dividend and shareholders of the Company also enjoyed additional subscription of ECG's shares by a preferential offer. The spin-off was structured to unlock the value for the Company's shareholders and enable the brokerage and financing operations to grow as a separate listed entity.

### *Increase in shareholding of Associate Company*

In August 2007, the Group had successfully increased its stake in EEH from 35% to approximately 41%, while EEH's effective interests in Grand Emperor Hotel and the two self-managed VIP halls in the hotel were lifted from 45% and 90% to 50% and 100% respectively. The restructuring helps to streamline the Group's holding structure and increase corporate transparency. The Group expects to receive substantial contribution from this gaming platform.

### Corporate Finance

The Group aims at maintaining sound and cautious financial management principles while at the same time maximising values and returns for shareholders. As at 31st March 2008, the Group had a gearing ratio (debt/total assets) of 35.1%. The Group does not make use of any derivative instruments for speculative purposes.

### Corporate Social Responsibilities

Embracing the mission "From the community, To the community", the Group is committed to work for the good of mankind. As a caring corporation, the Group has been supporting and organising various community activities to fulfil corporate social responsibility.

Emperor Foundation was established by the Group in 1997 to support charitable activities relating to education, medical and health, culture, community and environmental protection in Hong Kong and the mainland China. Helping the poor, the young, the aged, and the needy is also one of the many missions of the foundation.

Emperor Foundation not only channels the Group's donations to various organizations, but also solicits donations from its staff and related parties. Since its establishment, all administrative expenses of the Foundation have been borne by the Group to ensure that all the donations can be applied for charitable causes.

During the Year, the Foundation has made donations to various charitable organisations, including Community Chest, Hong Kong Red Cross, St Jame's Settlement and Friends of Earth, etc. The Foundation has also sponsored the setting up of "Hubei Province Hong Kong Emperor Elderly Care Centre", a hospice project run by Social Workers Across Borders (a Hong Kong based NGO) that won "The Most Influential Charity Project Nomination Award" presented by the Ministry of Civil Affairs of China in April 2007, as well as a special school in Hubei which recruited talented students from underprivileged background in August 2007. In response to the massive snowstorm that hit a large part of China in early 2008, the Group has solicited over HK\$1.4 million's donation. Total donation mobilized and channeled through the Foundation amounted to over HK\$11 million during the Year.



## CHAIRPERSON'S STATEMENT

During the Year, the Group has also motivated its staff to participate in different charitable activities such as "Ancient Tea Horse Route Charity Expedition" for Sowers Action in June 2007, home visits to senior citizens with mooncakes as gifts during Mid-Autumn Festival for Senior Citizen Home Safety Association in September 2007, volunteering at "Playday", an outdoor fun-filled therapeutic event organised by Playright Children's Play Association for hospitalised children in November 2007, and "Hike for Hospice 2008" for the Society for the Promotion of Hospice Care in February 2008.

Subsequent to the year under review, the Sichuan Province was devastated by deadly earthquake and the Foundation has solicited over HK\$17 million's donation to help the relief works in the affected areas.

### CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2008, the total external borrowings (excluding payables) amounted to approximately HK\$3,827.7 million and the Group maintained a debt to total assets ratio of 35.1% (measured by total external borrowings as a percentage to the total asset value of the Group). In addition to its share capital and reserves, the Group made use of cashflow generated from operations, bank borrowings and unsecured loans from a shareholder and related companies to finance its operations. The Group's bank borrowings were denominated in Hong Kong Dollars and their interest rates followed market rates. The Group's bank balances and cash were mostly Hong Kong dollars. The Group had no material exposure to fluctuations in exchange rates. Besides, the Group had no material contingent liabilities as at the year end date.

### EMPLOYEES AND REMUNERATION POLICY

The Group's number of employees was approximately 350 (2007: approximately 300) as at 31st March, 2008. Total staff cost (including Directors' emoluments) for the Year were approximately HK\$116.6 million (2007: HK\$131.8 million). All employees are under remuneration policy of fixed monthly salary with discretionary bonus. Staff benefits include contributions to retirement benefit scheme, medical allowances and other fringe benefits.

To provide incentives or rewards to the staff, the Company adopted a share option scheme on 9th September, 2003. During the Year, the Company granted a total of 17,500,000 share options to four executive directors and outstanding share options as at 31st March 2008 was 37,500,000 share options.

### ASSETS PLEDGED

Assets with carrying value of HK\$7,468.0 million were pledged as security for banking facilities.

### PROSPECTS

The Group has transformed into a property investor and developer following the spin-off of the brokerage and financing operations during the Year. In general, the property markets of Hong Kong, Macau and mainland China are expected to remain stable in the near future.

## CHAIRPERSON'S STATEMENT

Rental for prime shops are expected to rise with the backing of positive economy. In order to achieve higher yields from rental income, the Group will continue to improve the asset quality of its investment properties, by replacing non-core premises by properties that have a higher prospect for capital and rental gain, and by upgrading the quality of tenants as well as strengthening the value of its properties through redevelopment and renovation works.

In Hong Kong, in addition to expanding the investment property portfolio, the Group will also expand its land bank through acquisition of older blocks in urban areas and redeveloping them into high-quality residential or commercial/residential developments. The Group might also participate in land auctions under Application List System and tender projects of Urban Renewal Authority.

For its hotel operation, the Group is working on a more strategic pricing policy, introducing new incentives and recognition programmes as well as enhancing relationship with its major accounts and clients. The Group will also upgrade its room amenities and facilities to boost the satisfaction of hotel guests.

In mainland China, the Group will focus on prime residential/office property development and enrich its land bank to benefit from China's promising economic prospects.

Looking ahead, the Board will continue to monitor the share price of the Company and its underlying net asset value on a regular basis. The Board will consider repurchasing its own shares on the Stock Exchange when the share price represents an attractive discount to its net asset value.

## BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

### NON-EXECUTIVE DIRECTOR (CHAIRPERSON)

**LUK SIU MAN, SEMON**, aged 52, graduated from The University of Toronto with a Bachelor's Degree in Commerce. She worked in the banking industry for almost 10 years. She is also the non-executive director and chairperson of Emperor Entertainment Hotel Limited ("Emperor Hotel") and Emperor Entertainment Group Limited ("Emperor Entertainment"), the shares of which are listed on the Main Board and the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") respectively. Ms. Luk joined the Company in June 1999.

### EXECUTIVE DIRECTOR AND MANAGING DIRECTOR

**WONG CHI FAI**, aged 52, is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He has over 20 years' experience in finance and management spanning a diverse range of businesses from manufacturing to property investment and development. He is also a director of Emperor Hotel, Emperor Entertainment, New Media Group Holdings Limited ("New Media") and Emperor Watch & Jewellery Limited ("Emperor Watch & Jewellery"). New Media is a company listed on the Main Board of the Stock Exchange whilst the shares of Emperor Watch & Jewellery shall be listed on the Main Board of the Stock Exchange on 21st July, 2008. Mr. Wong joined the Company in 1991.

### EXECUTIVE DIRECTOR AND MANAGING DIRECTOR

**FAN MAN SEUNG, VANESSA**, aged 45, is a lawyer by profession in Hong Kong and a registered accountant. She also holds a Master's Degree in Business Administration. She is also a director of Emperor Hotel, Emperor Entertainment, New Media and Emperor Watch & Jewellery. Ms. Fan has over 15 years of experience in management in various businesses including property investment and development, hotel management and publishing. She joined the Company in 1990.

### EXECUTIVE DIRECTOR

**CHEUNG PING KEUNG**, aged 52, graduated from University of London with a Bachelor's Degree (Hons) in Arts. He is a Chartered Valuation Surveyor and a Fellow of both the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Surveyors. He is also an Accredited Canadian Appraiser. Mr. Cheung currently heads the Property Department and supervises all functions of the Property Department, including property development, marketing and management. He has over 30 years experience in professional general practice surveying as well as property development and marketing in Hong Kong, Macau, Mainland China and Canada. During the period from 1997 to 2005, Mr. Cheung was an executive director of Henderson Investment Limited, a listed company on the Main Board of the Stock Exchange. Mr. Cheung joined the Company in 2005.

### EXECUTIVE DIRECTOR AND COMPANY SECRETARY

**MOK FUNG LIN, IVY** aged 43, is a lawyer by profession in Hong Kong and the United Kingdom, and holds a Master's Degree in Business Administration. She is also a director of Emperor Hotel. Ms. Mok joined the Company in 1993 as Legal Consultant and was appointed executive director of the Company in February 2000.

## BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

### INDEPENDENT NON-EXECUTIVE DIRECTOR

**CHAN MAN HON, ERIC**, aged 51, graduated from the University of Hong Kong with a Bachelor's Degree in Laws in 1978. He also holds a Master's Degree in Business Administration from the Chinese University of Hong Kong. He is a practicing solicitor and a consultant of Vincent T.K. Cheung, Yap & Co. Currently, he is a non-executive director of Southeast Asia Properties & Finance Limited and an independent non-executive director of Global Bio-Chem Technology Group Company Limited, the shares of both companies are listed on the Main Board of the Stock Exchange. Mr. Chan joined the Company in February 2001.

### INDEPENDENT NON-EXECUTIVE DIRECTOR

**LIU HING HUNG**, aged 44, holds a Master's Degree in Business Administration. He is a fellow of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Taxation Institute of Hong Kong and also a member of the Society of Chinese Accountants and Auditors. He now runs a professional accountancy firm in Hong Kong and has over ten years of experience in accounting, taxation, auditing and corporate finance. Mr. Liu joined the Company in September 2004.

### INDEPENDENT NON-EXECUTIVE DIRECTOR

**LAW KA MING, MICHAEL**, aged 47, is a Chartered Quantity Surveyor of the Royal Institution of Chartered Surveyors. He holds a Master's Degree in Business Administration from the Chinese University of Hong Kong. Mr. Law has more than ten years' experience in corporate management in logistic management services and in trading of building material. He had been an independent non-executive director of the Company during the period from 16th November, 2000 to 26th March, 2006 and of Graneagle Holdings Limited (now named as Chaoyue Group Limited) from 16th October, 2007 to 20th January, 2008. Mr. Law joined the Company in June 2008.

## DIRECTORS' REPORT

The directors of the Company (the "Directors" or the "Board") present their annual report and the audited consolidated financial statements of the Company for the year ended 31st March, 2008.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 48 to the consolidated financial statements.

### RESULTS AND DIVIDEND

The results of the Group and appropriations of the Company for the year ended 31st March, 2008 are set out in the consolidated income statement on page 35 and note 16 to the consolidated financial statements respectively. An interim dividend of HK\$0.04 per share was paid to the shareholders during the Year. In addition, a special dividend in specie of one ordinary share in Emperor Capital Group Limited ("ECG") for every five shares held in the Company was distributed in April 2007, amounting to approximately HK\$211 million.

The Directors propose a final dividend of HK\$0.062 per share.

### INVESTMENT PROPERTIES

During the Year, the Group acquired investment properties at a cost of approximately HK\$2,070 million.

As at 31st March, 2008, the Group revalued all of its investment properties on an open market value basis. The change in fair value amounting to approximately HK\$744 million has been credited to the consolidated income statement.

Details of changes in the investment properties of the Group are set out in note 18 to the consolidated financial statements.

A summary of major investment properties of the Group is set out on pages 113 to 118.

### PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment at a cost of approximately HK\$57 million.

Details of changes in the property, plant and equipment of the Group are set out in note 19 to the consolidated financial statements.

### RESERVES

Details of movements in the reserves of the Group during the Year are set out on page 39.

## DIRECTORS' REPORT

### DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the Year and up to the date of this report were:

#### Non-executive Director:

Luk Siu Man, Semon (*Chairperson*)

#### Executive Directors:

Wong Chi Fai (*Managing Director*)

Fan Man Seung, Vanessa (*Managing Director*)

Cheung Ping Keung

Mok Fung Lin, Ivy

Chan Pak Lam, Tom (*resigned on 23rd April, 2007*)

#### Independent non-executive Directors:

Chan Man Hon, Eric

Liu Hing Hung

Law Ka Ming, Michael (*appointed on 25th June, 2008*)

Wan Chi Keung, Aaron (*resigned on 25th June, 2008*)

Subject to the service agreements hereafter mentioned, the term of office of each Director, including the independent non-executive directors, is the period up to his/her retirement by rotation in accordance with the Bye-laws of the Company.

In accordance with Bye-law 86(2) of the Company's Bye-laws, Mr. Law Ka Ming, Michael would retire at the forthcoming annual general meeting and, being eligible, offers himself for re-election.

In accordance with Bye-laws 87(2) and 87(3) of the Company's Bye-laws, Ms. Luk Siu Man, Semon, Mr. Wong Chi Fai and Ms. Mok Fung Lin, Ivy would retire by rotation at the forthcoming annual general meeting. All of them being eligible, offer themselves for re-election.

Each of the non-executive directors has entered into a service agreement with the Company in relation to his/her service as non-executive/independent non-executive director of the Company for an initial term of one year commencing from 1st January, 2008 (except for Mr. Law Ka Ming, Michael whose term shall commence from 25th June, 2008 up to 31st December, 2008) and will continue thereafter until terminated by notice in writing served by either party.

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

## DIRECTORS' REPORT

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES

As at 31st March, 2008, the interests and short positions of the Directors and chief executives and their associates in the shares, underlying shares and debentures of the Company or its associated corporations as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") of the issued share capital of the Company were as follows:

#### (a) Long position interests in the Company

##### (i) Ordinary shares of HK\$0.01 each of the Company

Name of Director	Nature of interests	Number of ordinary shares/ underlying shares	Approximate percentage holding
Ms. Luk Siu Man, Semon ("Ms. Semon Luk") (Note 1)	Family	987,829,364	55.64%

##### (ii) Share options

Name of Director	Nature of interests	Number of ordinary shares/ underlying shares	Approximate percentage holding
Mr. Wong Chi Fai (Note 2)	Beneficial owner	15,000,000	0.84%
Ms. Fan Man Seung, Vanessa ("Ms. Vanessa Fan") (Note 2)	Beneficial owner	15,000,000	0.84%
Mr. Cheung Ping Keung (Note 2)	Beneficial owner	5,000,000	0.28%
Ms. Mok Fung Lin, Ivy (Note 2)	Beneficial owner	2,500,000	0.14%

## DIRECTORS' REPORT

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES – continued

#### (a) Long position interests in the Company – continued

##### (ii) Share options – continued

###### Notes:

- The shares comprising 848,515,411 shares and 139,313,953 shares were held by Charron Holdings Limited (“Charron”) and Lion Empire Investments Ltd. (“Lion Empire”) respectively. The entire issued share capital of Charron was held by Jumbo Wealth Limited (“Jumbo Wealth”) on trust for The A&A Unit Trust. The entire issued share capital of Lion Empire was indirectly held by Perpetual Wealth Investments Limited (“Perpetual Wealth”) on trust for The A&S Unit Trust. Both of The A&A Unit Trust and The A&S Unit Trust were unit trusts under The Albert Yeung Discretionary Trust (“AY Trust”), a discretionary trust set up by Dr. Yeung Sau Shing, Albert (“Dr. Albert Yeung”). Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the 848,515,411 shares held by Charron and 139,313,953 shares held by Lion Empire. By virtue of the aforesaid interest of Dr. Albert Yeung, Ms. Semon Luk (spouse of Dr. Albert Yeung and a Director) was also deemed to be interested in the above shares held by Charron and Lion Empire.
- The share options were granted to Directors under the share option scheme of the Company.

#### (b) Long position interests in associated corporations

##### (i) Ordinary shares

Name of Director	Name of associated corporation	Capacity	Number of issued ordinary share(s) held	Percentage of the issued share capital
Ms. Semon Luk	Charron (Note 1)	Family	1	100.00%
Ms. Semon Luk	Jumbo Wealth (Note 1)	Family	1	100.00%
Ms. Semon Luk	Lion Empire (Note 2)	Family	1	100.00%
Ms. Semon Luk	Perpetual Wealth (Note 2)	Family	1	100.00%
Ms. Semon Luk	Surplus Way Profits Limited (“Surplus Way”) (Note 3)	Family	1	100.00%



## DIRECTORS' REPORT

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES – continued

#### (b) Long position interests in associated corporations – continued

##### (i) Ordinary shares – continued

Name of Director	Name of associated corporation	Capacity	Number of issued ordinary share(s) held	Percentage of the issued share capital
Ms. Semon Luk	Emperor Entertainment Group Limited ("EEG") (Note 3)	Family	204,484,000	78.65%
Ms. Semon Luk	Emperor Entertainment Hotel Limited ("EEH") (Note 4)	Family	439,138,571	43.43%

##### (ii) Share options

Name of Director	Name of associated corporation	Capacity/nature of interests	Number of underlying shares held	Approximate percentage holding
Mr. Wong Chi Fai (Note 5)	EEH (Note 5)	Beneficial owner	5,000,000	0.49%
Ms. Vanessa Fan (Note 5)	EEH (Note 5)	Beneficial owner	5,000,000	0.49%

#### Notes:

- Charron was interested in 848,515,411 shares, representing approximately 47.80% of the total issued share capital of the Company. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Charron and Jumbo Wealth. By virtue of the aforesaid interests of Dr. Albert Yeung, Ms. Semon Luk (being spouse of Dr. Albert Yeung and a Director) was also deemed to be interested in the share capital of Charron and Jumbo Wealth.

## DIRECTORS' REPORT

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SECURITIES – continued

#### (b) Long position interests in associated corporations – continued

##### (ii) Share options – continued

Notes: – continued

2. Lion Empire was interested in 139,313,953 shares. The entire issued capital of Lion Empire was indirectly held by Perpetual Wealth on trust for The A&S Unit Trust, a unit trust under the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Lion Empire and Perpetual Wealth. By virtue of the aforesaid interests of Dr. Albert Yeung, Ms. Semon Luk (being spouse of Dr. Albert Yeung and a Director) was also deemed to be interested in the share capital of Lion Empire and Perpetual Wealth.
3. EEG is a company with its shares listed in Hong Kong; 204,484,000 shares of EEG were held by Surplus Way. The entire issued share capital of Surplus Way was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the AY Trust. By virtue of the interests of The A&A Unit Trust in Surplus Way and EEG, both Surplus Way and EEG were associated corporations of the Company. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the share capital of Surplus Way and EEG. By virtue of the aforesaid interests of Dr. Albert Yeung, Ms. Semon Luk (being spouse of Dr. Albert Yeung and a Director) was also deemed to be interested in the above shares.
4. EEH is a company with its shares listed in Hong Kong; 323,391,555 shares and 115,747,016 shares of EEH were held by Worthy Strong Investment Limited (“Worthy Strong”) and World Million Profits Limited (“World Million”). The entire issued share capital of Worthy Strong and World Million were indirectly held by the Company. By virtue of the interests of the Company in EEH, EEH was an associated corporation of the Company. Charron and Lion Empire were interested in a total of 987,829,364 shares, representing 55.64% of the total issued share capital of the Company. The entire issued share capital of Charron and Lion Empire were indirectly owned by the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the 439,138,571 shares in the share capital of EEH. By virtue of the aforesaid interests of Dr. Albert Yeung, Ms. Semon Luk (being spouse of Dr. Albert Yeung and a Director) was also deemed to be interested in the above shares.
5. These were share options granted to Directors under the share option scheme of EEH.

Save as disclosed above, as at 31st March, 2008, none of the Directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations.

## DIRECTORS' REPORT

### SHARE OPTIONS

The Company adopted a share option scheme (the "Scheme") on 9th September, 2003 as an incentive to Directors and eligible employees. Particulars of the Scheme and details of movements in the number of share options are set out in note 42 to the consolidated financial statements.

Details of movements in the number of share options are set out as follows:

Director	Date of grant	Exercise period	Exercise price	Number of share options		
				Outstanding at 1.4.2007	Granted during the year	Outstanding at 31.3.2008
Mr. Wong Chi Fai	11.8.2005	11.8.2005 – 10.8.2015	1.88	10,000,000	–	10,000,000
	28.1.2008	28.1.2008 – 27.1.2013	2.91	–	5,000,000	5,000,000
Ms. Vanessa Fan	11.8.2005	11.8.2005 – 10.8.2015	1.88	10,000,000	–	10,000,000
	28.1.2008	28.1.2008 – 27.1.2013	2.91	–	5,000,000	5,000,000
Ms. Mok Fung Lin, Ivy	28.1.2008	28.1.2008 – 27.1.2013	2.91	–	2,500,000	2,500,000
Mr. Cheung Ping Keung	28.1.2008	28.1.2008 – 27.1.2013	2.91	–	5,000,000	5,000,000
				<u>20,000,000</u>	<u>17,500,000</u>	<u>37,500,000</u>

## DIRECTORS' REPORT

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2008, so far as is known to any Director or chief executive of the Company, the following persons or corporations (other than a director or chief executive of the Company) who had interests and short positions in the shares, underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

#### Long position in ordinary shares of HK\$0.01 each of the Company

Name of shareholder	Capacity/ Nature of interests	Number of ordinary shares interested or deemed to be interested (long position)	Approximate percentage holding
Charron (Note)	Beneficial owner	848,515,411	47.80%
Jumbo Wealth (Note)	Trustee	848,515,411	47.80%
Lion Empire (Note)	Beneficial owner	139,313,953	7.84%
Perpetual Wealth (Note)	Trustee	139,313,953	7.84%
GZ Trust Corporation ("GZ Trust") (Note)	Trustee	987,829,364	55.64%
Dr. Albert Yeung (Note)	Founder of the AY Trust	987,829,364	55.64%
Penta Investment Advisers Limited	Investment manager	319,778,000	18.01%
John Zwaanstra	Interest in a controlled corporation	319,778,000	18.01%
Mercurius GP LLC	Founder of the Mercurius Partners Trust	142,296,000	8.02%
Penta Asia Fund, Ltd.	Interest in a controlled corporation	142,296,000	8.02%
Todd Zwaanstra	Trustee of Mercurius Partners Trust	142,296,000	8.02%
Desmarais Paul G.	Interest in a controlled corporation	141,846,000	7.99%

## DIRECTORS' REPORT

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS – continued

Long position in ordinary shares of HK\$0.01 each of the Company – continued

<b>Name of shareholder</b>	<b>Capacity/ Nature of interests</b>	<b>Number of ordinary shares interested or deemed to be interested (long position)</b>	<b>Approximate percentage holding</b>
Gelco Enterprises Ltd.	Interest in a controlled corporation	141,846,000	7.99%
IGM Financial Inc.	Interest in a controlled corporation	141,846,000	7.99%
Nordex Inc.	Interest in a controlled corporation	141,846,000	7.99%
Power Corporation of Canada	Interest in a controlled corporation	141,846,000	7.99%
Power Financial Corporation	Interest in a controlled corporation	141,846,000	7.99%
Mackenzie Cundill Recovery Fund	Beneficial owner	125,428,000	7.07%
Cheah Cheng Hye	Founder of the C H Cheah Family Trust	88,972,000	5.01%
Cheah Capital Management Limited	Interest in a controlled corporation	88,972,000	5.01%
Cheah Company Limited	Interest in a controlled corporation	88,972,000	5.01%
Hang Seng Bank Trustee International Limited	Trustee	88,972,000	5.01%
To Hau Yin	Family interest	88,972,000	5.01%
Value Partners Group Limited	Interest in a controlled corporation	88,972,000	5.01%
Value Partners Limited	Investment manager	88,972,000	5.01%

## DIRECTORS' REPORT

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS – continued

#### Long position in ordinary shares of HK\$0.01 each of the Company – continued

*Note:*

Charron was interested in 848,515,411 shares. The entire issued share capital of Charron was held by Jumbo Wealth on trust for The A&A Unit Trust, a unit trust under the AY Trust, the trustee of which was GZ Trust. GZ Trust was deemed to be interested in the shares held by Charron as trustee of the AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was also deemed to be interested in the shares held by Charron.

Lion Empire was interested in 139,313,953 shares. The entire issued share capital of Lion Empire was indirectly held by Perpetual Wealth on trust for The A&S Unit Trust, a unit trust under AY Trust. Dr. Albert Yeung, as founder of the AY Trust, was deemed to be interested in the shares held by Lion Empire.

The above shares were the same shares as those set out under paragraph (a)(i) headed "Directors' and Chief Executives' Interests and Short Position in Securities" above.

Save as disclosed above, as at 31st March, 2008, the Directors or chief executives of the Company were not aware of any other person or corporation (other than the Directors and chief executives of the Company) who had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31st March, 2008, the interests of Directors or their respective associates in the business which are considered to compete or are likely to compete, either directly or indirectly, with the business of the Group ("Competing Business") as required to be disclosed pursuant to the Listing Rules were as follows:

<b>Name</b>	<b>Name of Company</b>	<b>Nature of interests</b>	<b>Competing business</b>
Ms. Semon Luk, Director and her associate	Certain subsidiaries of the AY Trust of which Dr. Albert Yeung, associate of Ms. Semon Luk, was the founder	Substantial shareholder	Property development and investment
Ms. Vanessa Fan, Director	Bacchus International Limited and its subsidiaries	Directors and substantial shareholder	Property investment

Save as disclosed above, as at 31st March, 2008, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group.

## DIRECTORS' REPORT

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

During the Year, the Group had the following transactions with Directors or companies in which certain Directors have beneficial interests:

- (a) On 12th June, 2007, World Million entered into a sale and purchase agreement (the "First Sale and Purchase Agreement") with Lion Empire for the acquisition of 10% interest in Nova Strategic Limited ("Nova Strategic") and loan due from Nova Strategic to Lion Empire at a consideration of approximately HK\$170,783,000. On the same date, World Million entered into another sale and purchase agreement (the "Second Sale and Purchase Agreement") with a wholly-owned subsidiary of EEH for the disposal of 10% interest in Nova Strategic together with the loan due from Nova Strategic to World Million as at completion at a consideration of not less than HK\$170,783,000. Details of the First Sale and Purchase Agreement and the Second Sale and Purchase Agreement are set out in note 41(c) to the consolidated financial statements.
- (b) On 20th December, 2007, the Group entered into a sale and purchase agreement with a subsidiary of ECG for the disposal of its entire interest in Emperor Capital Limited at a consideration of approximately HK\$9,800,000. The disposal was completed on 14th March, 2008.
- (c) Under a tenancy agreement commenced from 10th May, 2007 and ended 9th May, 2009, the Group leased certain properties to King Success Corporation Limited which is owned as to 80% by a discretionary trust set up by Dr. Albert Yeung. The aggregate rental income received for the Year, on normal commercial terms, was approximately HK\$2,396,000.

## DIRECTORS' REPORT

## CONTINUING CONNECTED TRANSACTIONS

During the Year, the Group had the following transactions with connected persons as defined in the Listing Rules:

Name of counterparty	Nature of transaction	Terms	Amount for the year ended 31st March, 2008 HK\$'000
Emperor Connection Limited (note 1)	Car park rentals received	Lease can be terminated by either party giving one month's written notice	186
	Operating lease rentals received	1st April, 2005 to 31st March, 2008 (exclusive of rates, management fees and other outgoings charges)	1,866
	Management fees received	1st April, 2005 to 31st March, 2008	590
Strong Time Investments Limited (note 2)	Operating lease rentals received	20th January, 2006 to 31st March, 2008 (exclusive of rates, management fees and other outgoings charges)	2,149
	Management fees received	20th January, 2006 to 31st March, 2008	565
Beauty Royal Limited (note 3)	Operating lease rentals received	20th January, 2006 to 31st March, 2010 (exclusive of rates, management fees and other outgoings charges)	11,797
	Management fees received	20th January, 2006 to 31st March, 2008	250
Global Food Culture Trading Limited (note 4)	Operating lease rentals received	1st December, 2005 to 31st March, 2008 (exclusive of rates, management and other outgoings charges)	672
	Management fees received	1st December, 2005 to 31st March, 2008	162
Hong Kong Daily News Limited (note 4)	Operating lease rentals received	1st April, 2006 to 31st March, 2008 (exclusive of rates, management fees and other outgoings charges)	4,446
Hong Kong Daily Offset Printing Company Limited (note 4)	Operating lease rentals received	1st April, 2006 to 31st March, 2008 (exclusive of rates, management fees and other outgoings charges)	578
Ulferts of Sweden (Far East) Limited (note 4)	Operating lease rentals received	1st April, 2006 to 31st March, 2008 (exclusive of rates, management fees and other outgoings charges)	7,512
	Management fees received	1st April, 2006 to 31st March, 2008	600
ECG (note 5)	Operating lease rentals received	24th April, 2007 to 31st March, 2009	1,800



## DIRECTORS' REPORT

### CONTINUING CONNECTED TRANSACTIONS – continued

Notes:

- (1) Emperor Connection Limited was an indirect wholly-owned subsidiary of EEG. EEG was a company with its shares listed in Hong Kong which was indirectly owned as to 78.65% by the AY Trust, a deemed substantial shareholder of the Company.
- (2) Strong Time Investments Limited was indirectly owned as to 100% by a discretionary trust set up by a family member of Dr. Albert Yeung, a deemed substantial shareholder of the Company.
- (3) Beauty Royal Limited was indirectly owned as to 72% by the AY Trust, a deemed substantial shareholder of the Company.
- (4) Global Food Culture Trading Limited, Hong Kong Daily News Limited, Hong Kong Daily Offset Printing Company Limited and Ulferts of Sweden (Far East) Limited were companies indirectly owned by the AY Trust, a deemed substantial shareholder of the Company.
- (5) ECG was a company with its shares listed in Hong Kong which was indirectly owned as to 45.09% by the AY Trust, a deemed substantial shareholder of the Company.

The Directors of the Company considered that the renting of the office premises and car parking spaces would consolidate the operations of the Group into the same premises which would enhance the efficiency of management of the Group. The transactions are fair and reasonable and in the interests of the shareholders of the Company.

The Directors of the Company engaged the auditors of the Company to perform certain agreed upon procedures in respect of continuing connected transactions of the Group. The procedures were performed solely to assist the Directors of the Company to evaluate in accordance with Rule 14A.38 of the Listing Rules, whether the continuing connected transactions entered into by the Group for the year ended 31st March, 2008:

- (a) have received the approval of the Directors of the Company;
- (b) have been entered into in accordance with the terms of the relevant agreement governing such transactions;
- (c) have not exceeded the relevant cap amount for the financial year ended 31st March, 2008 disclosed in previous announcements; and
- (d) have been entered into in accordance with the pricing policies of the Company with reference to similar transactions with independent third parties.

The independent non-executive directors have reviewed the above continuing connected transactions and the report of the auditors and have confirmed that the transactions have been entered into by the Company in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreement governing such transactions that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Save as disclosed above, no contracts of significance to which the Company, or any of its holding companies, fellow subsidiaries and subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

## DIRECTORS' REPORT

### CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

### EMOLUMENT POLICY

The emolument policy of the Directors and senior executives of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the executive directors are decided by the Remuneration Committee having regard to the Company's operating results, individual performance and comparable market statistics.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### DISTRIBUTABLE RESERVES OF THE COMPANY

The contributed surplus of the Company represents the aggregate of (a) the difference between the consolidated net assets of the Company's subsidiaries and the nominal value of the Company's shares issued pursuant to the group reorganisation effective in December 1991; (b) the surplus arising on reduction of share capital effective in March 2003 and (c) the subsequent dividends paid and bonus issues by way of capitalisation of contributed surplus;

Under the Companies Act in 1981 of Bermuda, the contributed surplus of the Company is available for distribution to shareholders. However, a company cannot declare or pay a dividend or make a distribution out of contributed surplus if there are reasonable grounds for believing that:

- (i) the company is, or would after the payment be, unable to pay its liabilities as they become due; or
- (ii) the realisable value of the company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

The Company's reserves available for distribution to shareholders as at 31st March, 2008 represented the aggregate of contributed surplus and accumulated profits amounting to HK\$1,106,755,000 (2007: HK\$1,300,001,000).

## DIRECTORS' REPORT

### DONATIONS

During the Year, the Group made charitable donations amounting to approximately HK\$9,334,000.

### MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the aggregate amount of turnover attributable to the Group's five largest customers represented 85% of the Group's total turnover. The largest customer accounted for 83% to the Group's total turnover.

During the Year, the aggregate amount of purchases and services received attributable to the Group's five largest suppliers represented 37% of the Group's total purchases and services received. The largest supplies accounted for 27% to the Group's total purchases and services received.

None of the Directors, their associates, or any shareholders which, to the knowledge of the Directors, owning more than 5% of the Company's issued share capital, had a beneficial interest in the share capital of any of the above major customers or suppliers of the Group.

### CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on page 27 to 32.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this report, the Company maintained the prescribed public float under the Listing Rules.

### POST BALANCE SHEET EVENTS

Details of post balance sheet events are set out in note 49 to the consolidated financial statements.

### AUDITOR

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company and authorise the Directors to fix their remuneration.

On behalf of the Board

**Luk Siu Man, Semon**  
*Chairperson*

Hong Kong  
16th July, 2008

## CORPORATE GOVERNANCE REPORT

The Directors of the Company continue to strive to maintain a solid, transparent and sensible framework of corporate governance. The Company has fully complied with all the provisions of the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) throughout the financial year ended 31st March 2008.

### THE BOARD

#### Board composition

The Board is responsible to lead and control the business operations of the Group and protect the shareholders’ assets. It formulates strategic directions, oversees the operations and monitors the financial performance of the Group.

As at 31st March, 2008, the Board comprised eight Directors, with one Non-executive Director who is also the Chairperson of the Company, two Managing Directors, two Executive Directors and three Independent Non-executive Directors. There was a change of Independent Non-executive Director in June 2008. The biographies of the Directors are set out on pages 10 to 11 of this report under the “Biographies of Directors and Senior Executives” Section.

Ms. Luk Siu Man, Semon, being Non-executive Director and Mr. Chan Man Hon, Eric and Mr. Liu Hing Hung, being Independent Non-executive Directors, are appointed for an initial term of one year commencing from 1st January, 2008; whilst Mr. Law Ka Ming, Michael, being Independent Non-executive Director, is appointed for an initial term from 25th June, 2008 until 31st December, 2008 with all the terms being renewed automatically for successive terms of one year each commencing from the date next after the expiry of the then current terms, unless terminated by notice in writing served by either party. Pursuant to the Bye-laws of the Company, every Director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election.

An induction regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group has been provided to all Directors shortly upon their appointment as Directors of the Company.

A procedure has been approved by the Board to enable Directors to seek independent professional advice at the Company’s expenses in appropriate circumstances.

#### Management functions

Ms. Luk Siu Man, Semon has been appointed as the Chairperson since 1999. The Chairperson, with the assistance of the Company Secretary, is responsible to prepare the agenda for each Board meeting, taking into account any matters proposed by the Directors. With the support of the Company Secretary, the Chairperson also ensures that each Board members work effectively and discharge his/her responsibility by providing timely, reliable and sufficient information on issues to be discussed at each Board meetings. All Board members are properly briefed on the issues to be discussed and the meeting material is dispatched to the Directors before the meetings.

## CORPORATE GOVERNANCE REPORT

The experienced management team implements the decisions from the Board, manages the businesses of the Group within the delegated power and authority by the Board and proposes management and investment proposals for the Board to approve. The team assumes full accountability to the Board for the operations of the Group.

### Independent Non-executive Directors

The Independent Non-executive Directors are all professionals with valuable experience and expertise in legal, accounting and business areas who would contribute impartial view and make independent judgment on issues to be discussed at Board meetings.

The Company has received a confirmation of independence from each of the Independent Non-executive Directors. The Board considers each of them to be independent by reference to the factors stated in the Listing Rules. The Independent Non-executive Directors have been expressly identified as such in all corporate communications of the Company that disclose the names of Directors.

### Board Meetings

The Board held seven Board meetings during the year ended 31st March, 2008 with the attendance of each Director as follows:

Name of Director	Meetings attended/ No. of Board meetings	Attendance rate
<b>Non-executive Director</b>		
Luk Siu Man, Semon	6/7	85.71%
<b>Managing Directors</b>		
Wong Chi Fai	5/7	71.43%
Fan Man Seung, Vanessa	7/7	100.00%
<b>Executive Directors</b>		
Cheung Ping Keung	6/7	85.71%
Mok Fung Lin, Ivy	7/7	100.00%
Chan Pak Lam, Tom ( <i>resigned on 23rd April, 2007</i> )	N/A	N/A
<b>Independent Non-executive Directors</b>		
Chan Man Hon, Eric	7/7	100.00%
Liu Hing Hung	6/7	85.71%
Wan Chi Keung, Aaron ( <i>resigned on 25th June, 2008</i> )	4/7	57.14%
Law Ka Ming, Michael ( <i>appointed on 25th June, 2008</i> )	N/A	N/A

## CORPORATE GOVERNANCE REPORT

Board meeting notice was sent to the Directors at least 14 days prior to each regular Board meeting. The Directors have access to the advice and services of the Company Secretary and key officers of the Company Secretarial team regarding the Board procedures, and all applicable rules and regulations in respect of the meetings are followed. Draft and final versions of the minutes of Board meetings and Board committee meetings, drafted in sufficient details by the secretary of the meetings, were circulated to the Directors for their comment and record respectively. Originals of such minutes, being kept by the Company Secretary, are open for inspection at any reasonable time on reasonable notice by any Director. A procedure has been approved by the Board to ensure Directors to seek independent professional advice at the Company's expenses in appropriate circumstances.

### Delegation by the Board

To assist the Board in execution of its duties and facilitate effective management, certain functions of the Board have been delegated by the Board to the Audit Committee and Remuneration Committee. The Board set up the Audit Committee and Remuneration Committee on 23rd September, 2004 and 19th July, 2005 respectively. The members of the Committees consist mainly of Independent Non-executive Directors. Clear written terms of reference are given to these two Committees and details of these two Committees are set out in the paragraphs "Audit Committee" and "Remuneration Committee" below. The Company has not established any nomination committee.

#### 1. Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, namely Messrs. Chan Man Hon, Eric (Chairman of the Audit Committee), Liu Hing Hung and Law Ka Ming, Michael who was appointed on 25th June, 2008 to fill the casual vacancy caused by the resignation of Mr. Wan Chi Keung, Aaron. They possess accounting, banking and other professional expertise. The specific written terms of reference are available on the Company's website: [www.emp163.com](http://www.emp163.com). The Audit Committee is primarily responsible for making recommendations to the Board on the appointment and removal of the external auditor, to approve the remuneration and terms of engagement of external auditor, review financial information and oversight of the financial reporting system and internal control procedures.

The Audit Committee convened 3 meetings during the year ended 31st March, 2008 with the attendance of each member as follows:

<b>Name of Committee members</b>	<b>Meetings attended/ No. of meetings</b>	<b>Attendance rate</b>
Chan Man Hon, Eric ( <i>Chairman</i> )	3/3	100.00%
Liu Hing Hung	3/3	100.00%
Wan Chi Keung, Aaron ( <i>resigned on 25th June, 2008</i> )	3/3	100.00%
Law Ka Ming, Michael ( <i>appointed on 25th June, 2008</i> )	N/A	N/A

## CORPORATE GOVERNANCE REPORT

The summary of the work performed by the Audit Committee during the financial year ended 31st March, 2008 is set out below:

- i. reviewed with the external auditor and senior management of the audit plans for the financial years ended 31st March, 2008;
- ii. reviewed with the senior management and/or the external auditor the accounting principles and practices adopted by the Group, the accuracy and fairness of the annual and interim financial statements for the financial year ended 31st March, 2007 and for the six-months ended 30th September, 2007 respectively;
- iii. reviewed with senior management the internal control system of the Group;
- iv. determined the external auditor's independence and reviewed the effectiveness of the audit process;
- v. made recommendation to the Board on the re-appointment of external auditor;
- vi. meeting with the external auditor and reviewed their work and findings relating to the annual audit; and
- vii. annual review of the non-exempt continuing connected transactions.

### 2. Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Wong Chi Fai, a Managing Director, and Mr. Liu Hing Hung and Mr. Law Ka Ming, Michael, Independent Non-executive Directors. The Remuneration Committee is chaired by Mr. Wong Chi Fai. The major responsibilities of the Remuneration Committee are making recommendation to the Board on policies to attract, retain and motivate high calibre executives and on the establishment of a formal and transparent procedure for developing remuneration policy. Details of the remuneration of each of the Directors for the year ended 31st March, 2008 are set out in note 13 to the consolidated financial statements. The specific written terms of reference of the Remuneration Committee are available in the Company's website: [www.emp163.com](http://www.emp163.com).

The Remuneration Committee convened three meetings during the year ended 31st March, 2008 with the attendance of each member as follows:

Name of Committee members	Meetings attended/ No. of meetings	Attendance rate
Wong Chi Fai ( <i>Chairman</i> )	3/3	100.00%
Liu Hing Hung	3/3	100.00%
Wan Chi Keung, Aaron ( <i>resigned on 25th June, 2008</i> )	3/3	100.00%
Law Ka Ming, Michael ( <i>appointed on 25th June, 2008</i> )	N/A	N/A

## CORPORATE GOVERNANCE REPORT

The summary of the work performed by the Remuneration Committee during the year ended 31st March, 2008 is set out as follows:

- i. reviewed the remuneration structure of the Directors and Directors' fee; and
- ii. made recommendation to the Board on the granting of share options to Mr. Wong Chi Fai, Ms. Fan Man Seung, Mr. Cheung Ping Keung and Ms. Mok Fung Lin, Ivy, Directors of the Company.

### Directors/senior management's securities transaction

The Company has adopted a code of conduct regarding securities transactions by Directors and senior executives on the same terms as the required standard of dealings set out in Appendix 10 of the Listing Rules prior to the listing of its shares on the SEHK. Having made specific enquiry to all Directors of the Company, all the Directors confirmed that they have complied with the required standard of dealings and the code of conduct.

### ACCOUNTABILITY AND AUDIT

The Directors acknowledge that it is their responsibilities to prepare the accounts of the Group and other financial disclosures required under the Listing Rules. Management will provide information and explanation to the Board to enable it to make an informed assessment of the financial and other Board decisions.

### INTERNAL CONTROLS

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. The internal control system is implemented to minimize the risks to which the Group is exposed and used as a management tool for the day-to-day operation of business. The system can only provide reasonable but not absolute assurance against misstatements or losses.

During the financial year ended 31st March, 2008, the Company had formulated an internal self-assessment process of all material controls including financial, operational and compliance controls and risk management functions and the internal audit department is assigned with the task to perform regular reviews on selected systems of the Group and would report audit review findings or irregularities, if any, to management and advise on the implementation of necessary steps of systems to enhance operational or financial controls. The Audit Committee assists the Board in evaluating the effectiveness of the system.

During the year under review, the management had analyzed the control environment and risk assessment, identified the various control systems implemented and agreed with the Audit Committee on the scope of review. The approach of the review includes conducting interviews with relevant management and staff members, reviewing relevant documentation of the internal control system and evaluating findings on any deficiencies in the design of the internal controls and developing recommendations for improvement, where appropriate.



## CORPORATE GOVERNANCE REPORT

### COMMUNICATION WITH SHAREHOLDERS

The Company communicates with the shareholders mainly in the following ways: (i) the holding of annual general meetings which provide an opportunity for the shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases of the Company providing updated information of the Group; and (iii) the availability of latest information of the Group in our website; and (iv) the holding of press conference from time to time. There is regular dialogue with institutional shareholders and general presentations are made when financial results are announced. Shareholders and investors are welcome to visit the Company's website and raise enquires through our Investor Relations Department whose contact details are available on the website.

The chairperson of the annual general meeting and the chairman/member of each of the Audit Committee and the Remuneration Committee were available at the annual general meeting held on 20th September, 2007 to answer questions from the shareholders.

### VOTING BY POLL

The rights to demand a poll were set out in the circulars dispatched to the shareholders during the Year. The chairperson of the annual general meeting held on 20th September, 2007 and the special general meetings held on 16th August, 2007 and 29th August, 2007 had explained the rights and procedures to demand a poll.

### AUDITOR'S REMUNERATION

During the year under review, the remuneration payable/paid to the Company's auditor, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

<b>Service rendered</b>	<b>Fees paid/payable</b> HK\$'000
Audit services	2,685
Non-audit services	19

## INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF EMPEROR INTERNATIONAL HOLDINGS LIMITED**

*(incorporated in Bermuda with limited liability)*

We have audited the consolidated financial statements of Emperor International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 111, which comprise the consolidated balance sheet as at 31st March, 2008, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## INDEPENDENT AUDITOR'S REPORT

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31st March, 2008 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

**Deloitte Touche Tohmatsu**  
*Certified Public Accountants*

Hong Kong  
16th July, 2008

# CONSOLIDATED INCOME STATEMENT

For the year ended 31st March, 2008

	Notes	2008 HK\$'000	2007 HK\$'000 (Restated)
Continuing operations			
Turnover	7	<b>1,765,213</b>	284,829
Cost of sales		<b>(909,839)</b>	(26,805)
Direct operating expenses		<b>(37,098)</b>	(46,049)
Gross profit		<b>818,276</b>	211,975
Other income	9	<b>17,588</b>	7,122
Discount on acquisition of additional interest in an associate		<b>39,634</b>	–
Fair value change in investment properties		<b>743,945</b>	259,018
Gain on disposal of subsidiaries		<b>3,777</b>	–
Gain on disposal of investment properties		<b>20,931</b>	63,408
(Recognition) reversal of impairment losses – net	10	<b>(10,131)</b>	78,999
Selling and marketing expenses		<b>(22,614)</b>	(7,581)
Administrative expenses		<b>(116,905)</b>	(102,094)
Write back of allowance for doubtful debts of margin financing and other receivables – net		<b>577</b>	18,363
Finance costs	11	<b>(137,705)</b>	(115,337)
Share of results of associates		<b>88,391</b>	95,813
Profit before taxation	12	<b>1,445,764</b>	509,686
Taxation	14	<b>(129,663)</b>	(49,411)
Profit for the year from continuing operations		<b>1,316,101</b>	460,275
Profit for the year from discontinued operations	15	<b>1,664</b>	30,341
Profit for the year		<b>1,317,765</b>	490,616
Attributable to:			
Equity holders of the Company		<b>1,317,917</b>	487,677
Minority interests		<b>(152)</b>	2,939
		<b>1,317,765</b>	490,616
Dividends	16		
– Interim paid		<b>71,010</b>	56,527
– Final paid		<b>106,515</b>	68,706
		<b>177,525</b>	125,233
– Final proposed		<b>110,065</b>	106,515
Earnings per share	17		
From continuing and discontinued operations			
Basic		<b>HK\$0.79</b>	HK\$0.36
Diluted		<b>HK\$0.79</b>	N/A
From continuing operations			
Basic		<b>HK\$0.79</b>	HK\$0.33
Diluted		<b>HK\$0.79</b>	N/A

# CONSOLIDATED BALANCE SHEET

At 31st March, 2008

	Notes	2008 HK\$'000	2007 HK\$'000
<b>Non-current assets</b>			
Investment properties	18	<b>6,673,676</b>	3,996,002
Property, plant and equipment	19	<b>226,704</b>	227,512
Properties under development	20	<b>644,878</b>	441,748
Deposits paid for acquisition of properties		<b>91,891</b>	46,675
Prepaid lease payments	21	<b>671,834</b>	741,875
Interests in associates	22	<b>798,803</b>	564,512
Amounts due from associates	23	<b>2,645</b>	38,717
Loans receivable	24	<b>1,940</b>	6,669
Intangible assets	25	–	771
Goodwill	26	<b>1,940</b>	1,940
Available-for-sale financial assets	27	–	138
Other assets	28	<b>4,442</b>	8,990
Deferred taxation assets	29	–	1,582
		<b>9,118,753</b>	<b>6,077,131</b>
<b>Current assets</b>			
Inventories	30	<b>619</b>	1,196
Properties held for sale	31	<b>26,714</b>	38,111
Properties under development	32	<b>788,742</b>	1,438,587
Prepaid lease payments	21	<b>12,825</b>	5,962
Debtors, deposits and prepayments	33	<b>107,752</b>	238,885
Investments in trading securities	27	<b>161</b>	139
Taxation recoverable		<b>200</b>	2,587
Pledged bank deposits	34	<b>691,192</b>	18,820
Bank balances – (clients' segregated accounts)	35	–	119,368
Bank balances (general accounts) and cash	36	<b>173,888</b>	130,739
		<b>1,802,093</b>	<b>1,994,394</b>
<b>Current liabilities</b>			
Creditors, customers' deposits and accrued charges	37	<b>365,357</b>	471,579
Amount due to a major shareholder	38	<b>1,575,510</b>	635,927
Amount due to an associate	23	<b>298</b>	–
Amounts due to minority shareholders of subsidiaries	39	<b>19,504</b>	21,040
Taxation payable		<b>3,212</b>	1,087
Secured bank borrowings – due within one year	40	<b>915,674</b>	1,310,206
		<b>2,879,555</b>	<b>2,439,839</b>
Net current liabilities		<b>(1,077,462)</b>	<b>(445,445)</b>
Total assets less current liabilities		<b>8,041,291</b>	<b>5,631,686</b>

## CONSOLIDATED BALANCE SHEET

At 31st March, 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Non-current liabilities			
Secured bank borrowings – due after one year	40	<b>1,316,762</b>	769,975
Deferred taxation liabilities	29	<b>324,036</b>	195,451
		<b>1,640,798</b>	965,426
Net assets		<b>6,400,493</b>	4,666,260
Capital and reserves			
Share capital	41	<b>17,752</b>	14,132
Reserves		<b>6,382,671</b>	4,651,714
Equity attributable to the equity holders of the Company		<b>6,400,423</b>	4,665,846
Minority interests		<b>70</b>	414
Total equity		<b>6,400,493</b>	4,666,260

The consolidated financial statements on pages 35 to 111 were approved and authorised for issue by the Board of Directors on 16th July, 2008 and are signed on its behalf by:

**Wong Chi Fai**  
DIRECTOR

**Fan Man Seung, Vanessa**  
DIRECTOR

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2008

	Share capital	Share premium	Translation reserve	Share option reserve	Asset revaluation reserve	Other reserve	Contributed surplus	Accumulated profits	Total equity attributable to shareholders of the Company	Minority interests	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1st April, 2006	11,227	1,523,155	6,862	6,030	75,946	10	829,092	1,339,861	3,792,183	(3,517)	3,788,666
Share of reserve of an associate	-	-	5,228	-	-	-	-	-	5,228	-	5,228
Exchange difference arising on translation of foreign subsidiaries	-	-	7,406	-	-	-	-	-	7,406	184	7,590
Reversal of deferred taxation liabilities arising from depreciation attributable to revaluation surplus	-	-	-	-	231	-	-	-	231	-	231
Net expenses and income recognised directly in equity	-	-	12,634	-	231	-	-	-	12,865	184	13,049
Profit for the year	-	-	-	-	-	-	-	487,677	487,677	2,939	490,616
Total recognised income and expense for the year	-	-	12,634	-	231	-	-	487,677	500,542	3,123	503,665
Issue of shares	2,905	508,250	-	-	-	-	-	-	511,155	-	511,155
Share issue expenses	-	(12,801)	-	-	-	-	-	-	(12,801)	-	(12,801)
Depreciation attributable to revaluation surplus	-	-	-	-	(1,320)	-	-	1,320	-	-	-
Acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	808	808
Dividends paid											
- final dividend for 2006	-	-	-	-	-	-	(68,706)	-	(68,706)	-	(68,706)
- interim dividend for 2007	-	-	-	-	-	-	(56,527)	-	(56,527)	-	(56,527)
At 31st March, 2007	14,132	2,018,604	19,496	6,030	74,857	10	703,859	1,828,858	4,665,846	414	4,666,260

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st March, 2008

	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Share option reserve HK\$'000	Asset revaluation reserve HK\$'000	Other reserve HK\$'000	Contributed surplus HK\$'000	Accumulated profits HK\$'000	Total equity attributable to shareholders of the Company HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1st April, 2007	14,132	2,018,604	19,496	6,030	74,857	10	703,859	1,828,858	4,665,846	414	4,666,260
Share of reserve of an associate	-	-	10,053	-	-	-	-	-	10,053	-	10,053
Exchange difference arising on translation of foreign subsidiaries	-	-	21,667	-	-	-	-	-	21,667	240	21,907
Revaluation surplus arising on transfer to investment properties	-	-	-	-	34,292	-	-	-	34,292	-	34,292
Deferred taxation liabilities arising from revaluation of properties	-	-	-	-	(6,001)	-	-	-	(6,001)	-	(6,001)
Reversal of deferred taxation liabilities arising from depreciation attributable to revaluation surplus	-	-	-	-	219	-	-	-	219	-	219
Net expenses and income recognised directly in equity	-	-	31,720	-	28,510	-	-	-	60,230	240	60,470
Profit for the year	-	-	-	-	-	-	-	1,317,917	1,317,917	(152)	1,317,765
Total recognised income and expense for the year	-	-	31,720	-	28,510	-	-	1,317,917	1,378,147	88	1,378,235
Issue of shares	3,620	761,317	-	-	-	-	-	-	764,937	-	764,937
Share issue expenses	-	(18,893)	-	-	-	-	-	-	(18,893)	-	(18,893)
Recognition of equity-settled share based payments	-	-	-	14,957	-	-	-	-	14,957	-	14,957
Depreciation attributable to revaluation surplus	-	-	-	-	(1,254)	-	-	1,254	-	-	-
Deemed acquisition of additional interest in a subsidiary	-	-	-	-	-	-	-	-	-	(432)	(432)
Reduction arising from capital redemption of an associate	-	-	-	-	-	-	-	(15,792)	(15,792)	-	(15,792)
Transfer of reserve of associate	-	-	-	-	-	100	-	(100)	-	-	-
Distribution arising from spin-off of subsidiaries (note 15)	-	-	-	-	-	-	-	(211,254)	(211,254)	-	(211,254)
Dividends paid	-	-	-	-	-	-	-	-	-	-	-
- final dividend for 2007	-	-	-	-	-	-	(106,515)	-	(106,515)	-	(106,515)
- interim dividend for 2008	-	-	-	-	-	-	(71,010)	-	(71,010)	-	(71,010)
At 31st March, 2008	17,752	2,761,028	51,216	20,987	102,113	110	526,334	2,920,883	6,400,423	70	6,400,493

The contributed surplus of the Group represents the aggregate of (a) the difference between the sum of the nominal amount of the share capital and share premium of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition and (b) the surplus arising on reduction of share capital effective in March 2003; less (c) subsequent dividend paid and bonus issues by way of capitalisation of contributed surplus.



# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2008

	2008 HK\$'000	2007 HK\$'000
Cash flows from operating activities		
Profit before taxation	<b>1,447,428</b>	545,941
Adjustments for:		
Discount on acquisition of additional interest in an associate	<b>(39,634)</b>	–
Loss (gain) on disposal of intangible assets	<b>23</b>	(135)
Gain on disposal of investment properties	<b>(20,931)</b>	(63,408)
Gain on disposal of subsidiaries	<b>(3,777)</b>	–
Discount on deemed acquisition of additional interest in a subsidiary	<b>(432)</b>	–
Interest income	<b>(5,230)</b>	(5,367)
Interest expenses on bank and other borrowings	<b>138,130</b>	138,944
Release of prepaid lease payments	<b>5,430</b>	5,962
Share based payment expense	<b>14,957</b>	–
Depreciation and amortisation	<b>20,291</b>	19,277
Share of results of associates	<b>(88,391)</b>	(95,813)
Impairment loss on goodwill arising from acquisition of additional interest in subsidiaries	–	808
Loss on disposal of property, plant and equipment	<b>3,136</b>	–
Recognition (reversal) of impairment losses – net	<b>2,531</b>	(78,999)
Change in fair value in trading securities	<b>(22)</b>	–
Change in fair value in investment properties	<b>(743,945)</b>	(259,018)
Write back of allowance for doubtful debts of margin financing and other receivables – net	<b>(577)</b>	(18,550)
Operating cash flows before movements in working capital	<b>728,987</b>	189,642
Decrease (increase) in inventories	<b>577</b>	(43)
Decrease (increase) in properties under development	<b>645,845</b>	(1,357,317)
Decrease (increase) in properties held for sale	<b>15,509</b>	(27,929)
(Increase) decrease in debtors, deposits and prepayments	<b>(336,662)</b>	89,899
Decrease in trading securities	–	40
Increase in creditors, customers' deposits and accrued charges	<b>21,394</b>	8,719
Net cash generated from (used in) operations	<b>1,075,650</b>	(1,096,989)
Interest received from bank deposits and other receivables	<b>3,558</b>	3,010
Hong Kong Profits Tax refunded	<b>288</b>	140
Hong Kong Profits Tax paid	–	(10,684)
PRC enterprise income tax refunded	–	28
Net cash generated from (used in) operating activities	<b>1,079,496</b>	(1,104,495)

# CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March, 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Cash flows from investing activities			
Purchase of investment properties		<b>(2,023,368)</b>	(191,945)
Increase in pledged bank deposits		<b>(672,372)</b>	(18,165)
Additional costs incurred on properties under development		<b>(193,463)</b>	(33,211)
Deposits made on acquisition of properties		<b>(91,891)</b>	(46,675)
Purchase of property, plant and equipment		<b>(56,718)</b>	(17,509)
Increase in bank balances – (clients' segregated accounts)		<b>(28,930)</b>	(17,522)
Acquisition of additional interest in an associate		<b>(18,720)</b>	(1,452)
Proceeds from disposal of investment properties		<b>194,631</b>	249,575
Proceeds from disposal of subsidiaries (net of cash and cash equivalent disposed of)	44	<b>92,943</b>	–
Dividend received from an associate		<b>63,994</b>	19,346
Repayment from associates		<b>36,370</b>	164,781
Decrease in loans receivable		<b>4,729</b>	2,741
Interest received from loans receivable from associates		<b>1,672</b>	2,357
Decrease (increase) in other assets		<b>100</b>	(585)
Prepaid lease payments paid		–	(193,642)
Advance to associates		–	(133,003)
Purchase of available-for-sale financial assets		–	(136)
Proceeds from disposal of intangible assets		–	501
<b>Net cash used in investing activities</b>		<b>(2,691,023)</b>	(214,544)
Cash flows from financing activities			
New bank loans raised		<b>5,474,289</b>	5,369,784
Advance from a major shareholder		<b>939,583</b>	149,723
Proceeds from issue of shares		<b>607,658</b>	511,155
Repayment of bank loans		<b>(4,946,681)</b>	(4,398,837)
Dividends paid		<b>(177,525)</b>	(125,233)
Interest on bank and other borrowings paid		<b>(138,130)</b>	(138,944)
Net cash outflow on discontinuance of operations	15	<b>(102,334)</b>	–
Expenses incurred in connection with the issue of shares		<b>(18,893)</b>	(12,801)
Repayment to minority shareholders of subsidiaries		<b>(1,536)</b>	(238)
<b>Net cash generated from financing activities</b>		<b>1,636,431</b>	1,354,609
Net increase in cash and cash equivalents		<b>24,904</b>	35,570
Cash and cash equivalents at beginning of the year		<b>130,434</b>	89,360
Effect of exchange rate changes		<b>5,371</b>	5,504
<b>Cash and cash equivalents at end of the year</b>		<b>160,709</b>	130,434
Analysis of balance of cash and cash equivalents			
Bank balances (general accounts) and cash		<b>173,888</b>	130,739
Bank overdrafts		<b>(13,179)</b>	(305)
<b>Total</b>		<b>160,709</b>	130,434

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information of the annual report.

The consolidated financial statements are presented in Hong Kong dollars which is the functional currency of the Company.

The Company is an investment holding company. The principal activities of the Group are property development and investment, consultancy and advisory services and hotel operations.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new Hong Kong Financial Reporting Standard ("HKFRS"), amendment of Hong Kong Accounting Standard ("HKAS") and Interpretations ("INTs") (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are effective for the Group's financial year beginning 1st April, 2007.

HKAS 1 (Amendment)	Capital disclosures
HKFRS 7	Financial instruments: Disclosures
HK(IFRIC) – INT 8	Scope of HKFRS 2
HK(IFRIC) – INT 9	Reassessment of embedded derivatives
HK(IFRIC) – INT 10	Interim financial reporting and impairment
HK(IFRIC) – INT 11	HKFRS 2 – Group and treasury share transactions

The adoption of the new HKFRSs has no material effect on how the results and financial position for the current and prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS – continued

The Group has not early applied those new, revised and amended standards or interpretations that have been issued but are not yet effective.

HKAS 1 (Revised)	Presentation of financial statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and separate financial statements <sup>2</sup>
HKAS 32 and HKAS 1 (Amendments)	Puttable financial instruments and obligation arising on liquidation <sup>1</sup>
HKFRS 2 (Amendment)	Vesting conditions and cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business combinations <sup>2</sup>
HKFRS 8	Operating segments <sup>1</sup>
HK(IFRIC) – INT 12	Service concession arrangements <sup>3</sup>
HK(IFRIC) – INT 13	Customer loyalty programmes <sup>4</sup>
HK(IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1st January, 2009.

<sup>2</sup> Effective for annual periods beginning on or after 1st July, 2009.

<sup>3</sup> Effective for annual periods beginning on or after 1st January, 2008.

<sup>4</sup> Effective for annual periods beginning on or after 1st July, 2008.

\* IFRIC represents the International Financial Reporting Interpretation Committee.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The Directors of the Company anticipate that the application of other new or revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention except for investment properties and certain financial instruments which are measured at fair values as explained in the accounting policies set out below.

### 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 dates of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-company transactions and balances within the Group have been eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Acquisition of additional interests in subsidiaries

Acquisition of additional interests in subsidiaries does not fall within the definition of business combination under HKFRS 3 “Business Combinations”. The excess of the cost of acquisition over the carrying amount of assets and liabilities of the subsidiary attributable to the additional interest acquired is recognised as goodwill.

#### Goodwill

##### *Goodwill arising on acquisition prior to 1st January, 2005*

Goodwill arising on an acquisition of net assets and operations of another entity for which the agreement date is before 1st January, 2005 represents the excess of the cost of acquisition over the Group’s interest in the fair value of the identifiable assets and liabilities of the relevant acquiree at the date of acquisition.

For previously capitalised goodwill arising on acquisition of net assets and operations of another entity after 1st January, 2001, the Group has discontinued amortisation from 1st January, 2005 onwards, and such goodwill is tested for impairment annually, and whenever there is an indication that the cash generating unit to which the goodwill relates may be impaired (see the accounting policy below).

##### *Goodwill arising on acquisition on or after 1st January, 2005*

Goodwill arising on an acquisition of business for which the agreement date is on or after 1st January, 2005 represents the excess of the cost of acquisition over the Group’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the relevant business at the date of acquisition. Such goodwill is carried at cost less any accumulated impairment losses.

Capitalised goodwill arising on an acquisition of a business is presented separately in the consolidated balance sheet.

For the purposes of impairment testing, goodwill arising from an acquisition of subsidiary is allocated to each of the relevant cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the acquisition. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, and whenever there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a financial year, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated income statement. An impairment loss for goodwill is not reversed in subsequent periods.

On subsequent disposal of the relevant cash-generating units, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate, the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Capitalised goodwill arising on an acquisition of an associate is included in the cost of the investment of the relevant associate.

For goodwill arising on acquisition of an associate, the goodwill included in the carrying amount of interests in an associate is not separately tested for impairment. Instead, the entire carrying amount of the interests in an associate is tested for impairment by comparing the Group's share of the present value of the estimated future cash flows expected to be generated by the associate with its carrying amount.

Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods and services, or for administrative purposes are stated at cost or deemed cost which is the fair value at the date of transfer from investment property, less accumulated depreciation and accumulated impairment losses.

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

Buildings	Over the estimated useful lives of 40 years or the unexpired terms of the relevant leases, whichever is shorter
Hotel properties	Over the estimated useful lives of 40 years or the unexpired terms of the relevant leases, whichever is shorter
Leasehold improvements	10 – 20%
Machinery and equipment	10 – 20%
Others	10 – 33 $\frac{1}{3}$ %

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from continued use of the asset. Any gain or loss arising from derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

When an item of property, plant and equipment is transferred to investment property carried at fair value, if the carrying amount is decreased as a result of a revaluation at the date of transfer, any resulting decrease in the carrying amount of the property is recognised in profit or loss. If the carrying amount is increased, to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in profit or loss. The amount recognised in profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised. Any remaining part of the increase is credited directly to equity (asset revaluation reserve). On subsequent disposal of the investment property, the revaluation surplus included in equity may be transferred to accumulated profits. The transfer from revaluation surplus to accumulated profits is not made through profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### Property, plant and equipment – continued

Property under development being constructed or developed for future use as owner-occupied property or investment property are stated at cost less any identified impairment losses. Cost comprises the cost of building portion under construction together with direct costs attributable to the development of the properties and borrowing costs capitalised during the period of development upon completion.

#### Prepaid lease payments

Prepaid lease payments representing prepaid land costs are stated at cost less subsequent accumulated amortisation and accumulated impairment losses. Prepaid lease payment is amortised to the consolidated income statement over the term of relevant land leases.

#### Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn for use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated income statement in the year in which the item is derecognised.

Transfer from investment property to property under development will be made when there is a change in use, evidenced by commencement of development with a view of redevelopment for sale. Property interests held under operating lease classified as an investment property is accounted for as if it were a finance lease and measured under the fair value model. The Group shall continue to account for the lease as a finance lease, even if subsequent event changes the nature of the property interest so that it is no longer classified as investment property.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

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

### Intangible assets

The trading rights held in the Stock Exchange and the Hong Kong Futures Exchange Limited (the “Futures Exchange”) are stated at cost less amortisation and impairment losses, and are amortised on a straight line basis over a period of 10 years.

### Impairment of assets (other than goodwill)

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 any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, 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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

#### *Properties held for sale*

Properties for sale are completed properties and are classified under current assets and are stated at the lower of cost and net realisable value.

#### *Property under development*

Property under development for sale is stated at the lower of cost and net realisable value. Costs relating to the development of the properties include land cost, construction cost and other direct development expenditure.

#### Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### *The Group as lessor*

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight line basis over the lease term.

#### *The Group as lessee*

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight line basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### Financial assets

The Group's financial assets are classified into one of the three categories, including financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest basis for debt instruments.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### Financial assets – continued

##### *Financial assets at fair value through profit or loss*

The Group's financial assets at FVTPL are financial assets held for trading.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

At each balance sheet date subsequent to initial recognition, financial assets at FVTPL are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including amounts due from associates, loans receivable, debtors, other receivables, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss (see accounting policy on impairment loss on financial assets below).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For an available-for sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, other than available-for-sale investment, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables and other receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### Impairment of financial assets – continued

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity. For available-for-sale debt investments, impairment losses are subsequently reversed if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

#### Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. The Group's financial liabilities are generally classified into other financial liabilities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Financial liabilities and equity – continued

#### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

#### *Financial liabilities*

Financial liabilities including creditors, amounts due to a major shareholder/associate/minority shareholders of subsidiaries and secured bank borrowings are subsequently measured at amortised cost, using the effective interest method.

#### *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

#### **Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal ordinary course of business, net of discounts.

Revenue from sale of properties in the ordinary course of business is recognised when all of the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties are retained;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transactions will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When a property under development is sold in advance of completion, profit is only recognised upon completion of the development and when legal title passes to the purchasers. Deposits and instalments received from purchasers prior to this stage are included in current liabilities.

Rental income from properties under operating leases is recognised on a straight line basis over the period of the relevant leases.

Service income is recognised when the management, consultancy and advisory services are rendered.

Advisory service income is recognised when the service is rendered, the revenue can be reliably estimated and it is probable that the revenue will be received.

Commission and brokerage income is recognised when the service is rendered and on a trade-date basis.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Revenue recognition – continued

Sales of investments in securities are recognised when the related bought and sold note is executed.

Dividend income from investments is recognised when the Group's rights to receive dividend payment have been established.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Income arising from the hotel and restaurant operations is recognised when the services are rendered.

### Taxation

Income tax expense 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 profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base 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 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 3. SIGNIFICANT ACCOUNTING POLICIES – continued

#### Taxation – continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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 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 to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

#### Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are re-translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are dominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Foreign currencies – continued

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the translation reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

### Share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in share option reserve.

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

### Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered service entitling them to contribution.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

### Deferred tax assets

The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In case where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognised in the consolidated income statement for the period in which such a reversal takes place.

## 5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the secured bank borrowings, cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued share capital, reserves and accumulated profits.

The Directors of the Company review the capital structure on a regular basis. As part of this review, the Directors consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the debt raising.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 6. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
<b>Financial assets</b>		
Fair value through profit or loss		
Investments in trading securities	<b>161</b>	139
Loans and receivables		
Amounts due from associates	<b>2,645</b>	38,717
Loans receivable	<b>1,940</b>	6,669
Debtors and other receivables	<b>85,495</b>	225,952
Pledged bank deposits	<b>691,192</b>	18,820
Bank balances – (clients' segregated accounts)	–	119,368
Bank balances – (general accounts) and cash	<b>173,888</b>	130,739
	<b>955,160</b>	540,265
Available-for-sale financial assets	–	138
<b>Financial liabilities</b>		
At amortised cost		
Creditors and other payables	<b>205,540</b>	385,779
Amount due to a major shareholder	<b>1,575,510</b>	635,927
Amount due to an associate	<b>298</b>	–
Amounts due to minority shareholders of subsidiaries	<b>19,504</b>	21,040
Secured bank borrowings	<b>2,232,436</b>	2,080,181
	<b>4,033,288</b>	3,122,927

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 6. FINANCIAL INSTRUMENTS – continued

#### (b) Financial risk management objectives and policies

The Group's major financial instruments include amounts due from associates, loans receivable, available-for-sale financial assets, debtors, investments in trading securities, pledged bank deposits, bank balances (clients' segregated and general accounts), creditors, amounts due to a major shareholder/associate/minority shareholders of subsidiaries and secured bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

#### Market risk

##### *Foreign currency risk*

Foreign currency risk refers to the risk that movement in foreign currency exchange rate which will affect the Group's financial results and cash flows. The management considers the Group does not expose to significant foreign currency risk as majority of its operations and businesses are transacted in functional currency of the subsidiaries.

##### *Cash flow interest rate risk*

The Group's cash flow interest rate risk relates primarily to amounts due from associates, loans receivable, bank balances, amounts due to a major shareholder/associate and variable-rate bank borrowings. The Group currently does not have policy on cash flow hedges of interest rate risk. However, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rates for the financial assets and liabilities at the balance sheet date and the reasonably possible change taking place at the beginning of each year and held constant throughout the respective year.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 6. FINANCIAL INSTRUMENTS – continued

### (b) Financial risk management objectives and policies – continued

#### Market risk – continued

##### *Cash flow interest rate risk – continued*

If interest rates had been 100 basis points higher and all other variables were held constant, the potential effect on profit for the year (before taxation) is as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Increase (decrease) in profit for the year		
– Amounts due from associates	–	359
– Loans receivable	<b>20</b>	68
– Trade debtors	–	612
– Bank balances	<b>3,874</b>	2,268
– Trade creditors	–	(1,021)
– Amount due to a major shareholder	<b>(15,755)</b>	(6,359)
– Secured bank borrowings	<b>(22,324)</b>	(20,802)
	<b>(34,185)</b>	(24,875)

If interest rates had been 100 basis points lower and all other variables held constants, the potential effect on profit would be equal and opposite.

#### Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31st March, 2008 in relation to each class of recognised financial asset is the carrying amount of those assets as stated in the consolidated balance sheet. In order to manage the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers and across diverse geographical areas.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 6. FINANCIAL INSTRUMENTS – continued

### (b) Financial risk management objectives and policies – continued

#### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31st March, 2008, the Group has sufficient unutilised banking facilities to meet its future cashflow requirement.

The following table details the Group's remaining contractual maturity for its financial liabilities that will result in cash out flow. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group will be required to pay. The table includes both interest and principal cash flows.

#### Liquidity table

	Weighted average effective interest rate	Repayable on demand HK\$'000	Less than 3 months HK\$'000	3 months to 1 year HK\$'000	Over 1 year to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Total carrying amounts HK\$'000
<b>At 31st March, 2008</b>								
Creditors and other payables	N/A	-	205,540	-	-	-	205,540	205,540
Amount due to a major shareholder	2%	1,575,510	-	-	-	-	1,575,510	1,575,510
Amount due to an associate	N/A	298	-	-	-	-	298	298
Amounts due to minority shareholders of subsidiaries	N/A	19,504	-	-	-	-	19,504	19,504
Secured bank borrowings	3.47%	13,179	73,735	842,688	881,310	590,900	2,401,812	2,232,436
		<u>1,608,491</u>	<u>279,275</u>	<u>842,688</u>	<u>881,310</u>	<u>590,900</u>	<u>4,202,664</u>	<u>4,033,288</u>
<b>At 31st March, 2007</b>								
Creditors and other payables	N/A	-	385,779	-	-	-	385,779	385,779
Amount due to a major shareholder	4.69%	635,927	-	-	-	-	635,927	635,927
Amounts due to minority shareholders of subsidiaries	N/A	21,040	-	-	-	-	21,040	21,040
Secured bank borrowings	5.09%	305	366,033	1,028,526	650,063	258,595	2,303,522	2,080,181
		<u>657,272</u>	<u>751,812</u>	<u>1,028,526</u>	<u>650,063</u>	<u>258,595</u>	<u>3,346,268</u>	<u>3,122,927</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 6. FINANCIAL INSTRUMENTS – continued

### (c) Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis, using prices or rates from observable current market transactions as input.

The Directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost at the respective balance sheet dates approximate their corresponding fair values.

## 7. TURNOVER

An analysis of the Group's turnover, for both continuing and discontinued operations is as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Continuing operations		
Rental income from investment properties	<b>201,379</b>	164,697
Income from hotel operations	<b>70,283</b>	69,495
Consultancy and advisory service income	<b>6,333</b>	31,644
Sales of properties	<b>1,487,218</b>	18,993
	<b>1,765,213</b>	284,829
Discontinued operations ( <i>note 15</i> )		
Commission from the provision of securities and futures brokerage services and related advisory services	<b>3,803</b>	77,877
Interest income from financing and other loan receivables	<b>1,148</b>	45,808
	<b>4,951</b>	123,685
Total	<b>1,770,164</b>	408,514

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS

### Business segments

For management purposes, the Group is currently organised into four operating divisions, namely, lease of properties, sales of properties, hotel operations and consultancy and advisory services. These divisions are the basis on which the Group reports its primary segment information. The segment results of lease of properties and sales of properties include administrative and running expenses for those properties under development stages.

In the current year, the Group spun off the brokerage and financing operations through the separate listing in the Stock Exchange of Emperor Capital Group Limited ("ECG") by way of distribution in specie, details of which are set out in note 15.

The following business segments have been re-presented as a result of the classification of the brokerage and financing operations as discontinued operations.

Information about these business segments is as follows:

	Continuing operations				Discontinued operations				Total Consolidated HK\$'000
	Lease of properties HK\$'000	Sales of properties HK\$'000	Hotel operations HK\$'000	Consultancy and advisory services HK\$'000	Total HK\$'000	Securities brokerage HK\$'000	Financing HK\$'000	Total HK\$'000	
<b>Year ended 31st March, 2008</b>									
INCOME STATEMENT									
Turnover									
External sales	201,379	1,487,218	70,283	6,333	1,765,213	3,803	1,148	4,951	1,770,164
Segment results*	942,765	566,891	9,037	1,724	1,520,417	941	723	1,664	1,522,081
Interest income					5,230			-	5,230
Unallocated corporate expenses, net					(73,980)			-	(73,980)
Finance costs					(137,705)			-	(137,705)
Gain on disposal of subsidiaries					3,777			-	3,777
Discount on acquisition of additional interest in an associate					39,634			-	39,634
Share of results of associates					88,391			-	88,391
Profit before taxation					1,445,764			1,664	1,447,428
Taxation					(129,663)			-	(129,663)
Profit for the year					1,316,101			1,664	1,317,765

\* Finance cost of HK\$425,000 was included in financing segment results.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

### Business segments – continued

	Continuing operations				Discontinued operations			Total Consolidated HK\$'000
	Lease of properties HK\$'000	Sales of properties HK\$'000	Hotel operations HK\$'000	Consultancy and advisory services HK\$'000	Total HK\$'000	Securities brokerage HK\$'000	Financing HK\$'000	
OTHER INFORMATION								
Capital additions								
– Segment	2,264,407	266,290	50	-	2,530,747	-	-	2,530,747
– Corporate					56,668			56,668
					<u>2,587,415</u>			<u>2,587,415</u>
Depreciation and amortisation								
– Segment	4,781	-	9,430	-	14,211	59	-	14,270
– Corporate					6,021			6,021
					<u>20,232</u>			<u>20,291</u>
Release of prepaid lease payments								
– Segment	-	-	4,168	-	4,168	-	-	4,168
– Corporate					1,262			1,262
					<u>5,430</u>			<u>5,430</u>
Recognition of impairment losses								
– Segment	-	2,531	-	-	2,531	-	-	2,531
– Corporate					7,600			7,600
					<u>10,131</u>			<u>10,131</u>
Allowance for doubtful debts made (written back)								
– Segment	100	-	-	-	100	-	-	100
– Corporate					(677)			(677)
					<u>(577)</u>			<u>(577)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

### Business segments – continued

	Lease of properties HK\$'000	Sales of properties HK\$'000	Hotel operations HK\$'000	Consultancy and advisory services HK\$'000	Consolidated HK\$'000
<b>At 31st March, 2008</b>					
BALANCE SHEET					
Assets					
Segment assets	7,889,353	830,944	344,370	698	9,065,365
Interests in associates					798,803
Amounts due from associates					2,645
Unallocated corporate assets					1,054,033
Consolidated total assets					<u>10,920,846</u>
Liabilities					
Segment liabilities	295,268	47,923	4,528	–	347,719
Amount due to an associate					298
Unallocated corporate liabilities					4,172,336
Consolidated total liabilities					<u>4,520,353</u>

	Continuing operations				Discontinued operations				Consolidated HK\$'000
	Lease of properties HK\$'000	Sales of properties HK\$'000	Hotel operations HK\$'000	Consultancy and advisory services HK\$'000	Total HK\$'000	Securities brokerage HK\$'000	Financing HK\$'000	Total HK\$'000	
Year ended 31st March, 2007									
INCOME STATEMENT									
Turnover									
External sales	164,697	18,993	69,495	31,644	284,829	77,877	45,808	123,685	408,514
Segment results*	520,559	2,482	8,261	26,205	557,507	23,357	12,898	36,255	593,762
Interest income					5,367			–	5,367
Unallocated corporate expenses, net					(33,664)			–	(33,664)
Finance costs					(115,337)			–	(115,337)
Share of results of associates					95,813			–	95,813
Profit before taxation					509,686			36,255	545,941
Taxation					(49,411)			(5,914)	(55,325)
Profit for the year					<u>460,275</u>			<u>30,341</u>	<u>490,616</u>

\* Finance costs of HK\$23,607,000 was included in financing segment results.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

### Business segments – continued

	Continuing operations					Discontinued operations			Consolidated HK\$'000
	Lease of properties HK\$'000	Sales of properties HK\$'000	Hotel operations HK\$'000	Consultancy and advisory services HK\$'000	Total HK\$'000	Securities brokerage HK\$'000	Financing HK\$'000	Total HK\$'000	
OTHER INFORMATION									
Capital additions									
– Segment	681,219	1,333,807	332	–	2,015,358	183	–	183	2,015,541
– Corporate					16,994			–	16,994
					<u>2,032,352</u>			<u>183</u>	<u>2,032,535</u>
Depreciation and amortisation									
– Segment	3,371	–	9,692	–	13,063	1,355	–	1,355	14,418
– Corporate					4,859			–	4,859
					<u>17,922</u>			<u>1,355</u>	<u>19,277</u>
Release of prepaid lease payments									
– Segment	–	–	4,387	–	4,387	–	–	–	4,387
– Corporate					1,575			–	1,575
					<u>5,962</u>			<u>–</u>	<u>5,962</u>
Reversal of impairment losses – net									
– Segment	79,041	–	–	–	79,041	–	–	–	79,041
– Corporate					(42)			–	(42)
					<u>78,999</u>			<u>–</u>	<u>78,999</u>
Allowance for doubtful debts made (written back)									
– Segment	(87)	–	(1,252)	–	(1,339)	(187)	–	(187)	(1,526)
– Corporate					(17,024)			–	(17,024)
					<u>(18,363)</u>			<u>(187)</u>	<u>(18,550)</u>
Impairment loss on goodwill arising from acquisition of additional interest in subsidiaries	–	–	808	–	808	–	–	–	808

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

### Business segments – continued

	Continuing operations				Discontinued operations			Consolidated HK\$'000	
	Lease of properties HK\$'000	Sales of properties HK\$'000	Hotel operations HK\$'000	Consultancy and advisory services HK\$'000	Total HK\$'000	Securities brokerage HK\$'000	Financing HK\$'000		Total HK\$'000
At 31st March, 2007									
BALANCE SHEET									
Assets									
Segment assets	4,917,800	1,488,322	443,968	1,224	6,851,314	240,503	73,987	314,490	7,165,804
Interests in associates					564,512			-	564,512
Amounts due from associates					38,717			-	38,717
Unallocated corporate assets					232,464			70,028	302,492
Consolidated total assets					<u>7,687,007</u>			<u>384,518</u>	<u>8,071,525</u>
Liabilities									
Segment liabilities	275,040	5,358	4,826	1,545	286,769	175,128	54,400	229,528	516,297
Unallocated corporate liabilities					2,887,914			1,054	2,888,968
Consolidated total liabilities					<u>3,174,683</u>			<u>230,582</u>	<u>3,405,265</u>

### Geographical segments

The Group's turnover and contribution to profit for the year have been derived from activities which are substantially carried out in Hong Kong. In addition, a substantial portion of the Group's assets are located in Hong Kong.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 9. OTHER INCOME

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
The amount for the year includes:						
Interest income from:						
– bank deposits	3,160	1,884	–	–	3,160	1,884
– loans receivable	398	1,126	–	–	398	1,126
– amount due from an associate	1,672	2,357	–	–	1,672	2,357
Gain on disposal of intangible assets	–	–	–	135	–	135

## 10. (RECOGNITION) REVERSAL OF IMPAIRMENT LOSSES – NET

	2008 HK\$'000	2007 HK\$'000
Impairment losses (recognised) reversed in respect of:		
Properties under development	(6,643)	79,041
Motor vehicle registration marks	(7,600)	(42)
Properties held for sale ( <i>note</i> )	4,112	–
	<b>(10,131)</b>	<b>78,999</b>

*Note:* In previous years, the estimate recoverable amount of certain properties held for sale was less than the corresponding carrying value, and impairment loss was recognised for these properties. The management reviews the recoverability of these properties with reference to the current market environment and considered to reverse the impairment. The carrying amount of the properties is increased to the revised estimated recoverable amount but did not exceed the cost of these properties.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 11. FINANCE COSTS

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Interest on:						
– bank borrowings wholly repayable within five years	<b>49,998</b>	58,629	<b>425</b>	23,028	<b>50,423</b>	81,657
– other borrowings wholly repayable within five years	<b>24,744</b>	28,887	–	–	<b>24,744</b>	28,887
– bank borrowings not wholly repayable within five years	<b>60,887</b>	25,477	–	–	<b>60,887</b>	25,477
Total borrowing costs	<b>135,629</b>	112,993	<b>425</b>	23,028	<b>136,054</b>	136,021
Bank charges	<b>2,076</b>	2,344	–	579	<b>2,076</b>	2,923
	<b>137,705</b>	115,337	<b>425</b>	23,607	<b>138,130</b>	138,944

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 12. PROFIT BEFORE TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Profit before taxation has been arrived at after charging:						
Amortisation of intangible assets, included in administrative expenses	-	-	-	294	-	294
Auditors' remuneration	2,685	2,229	-	600	2,685	2,829
Depreciation	20,232	17,922	59	1,061	20,291	18,983
Release of prepaid lease payments	5,430	5,962	-	-	5,430	5,962
Loss on disposal of property, plant and equipment	3,136	-	-	-	3,136	-
Impairment loss on goodwill arising from acquisition of additional interest in subsidiaries	-	808	-	-	-	808
Operating lease rentals in respect of:						
- rented premises	2,373	888	-	520	2,373	1,408
- equipment	-	2,554	-	-	-	2,554
Share of tax of associates (included in share of results of associates)	15,008	12,067	-	-	15,008	12,067
Staff costs, including directors' remuneration and retirement benefit scheme contributions (note 13)	113,660	85,303	2,899	46,477	116,559	131,780
and after crediting:						
Gross rental income less outgoings of approximately HK\$10,048,000 (2007: HK\$10,565,000)	191,331	154,132	-	-	191,331	154,132
Discount on deemed acquisition of additional interest in a subsidiary	432	-	-	-	432	-

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### (i) Directors' emoluments

	Wong Chi Fai	Fan Man Seung, Vanessa	Mok Fun Lin, Ivy	Cheung Ping Keung	Chan Pak Lam, Tom	Luk Siu Man, Semon	Chan Man Hon, Eric	Wan Chi Keung, Aaron	Liu Hing Hung	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>2008</b>										
Fees	107	107	107	62	6	-	107	107	107	710
Other emoluments:										
Salaries and other benefits	2,220	1,200	1,819	2,790	-	-	-	-	-	8,029
Performance related incentive payment (Note)	1,000	400	700	690	-	-	-	-	-	2,790
Retirement benefit scheme contributions	155	84	127	12	-	-	-	-	-	378
Share-based payments	4,273	4,273	2,138	4,273	-	-	-	-	-	14,957
<b>Total emoluments</b>	<b>7,755</b>	<b>6,064</b>	<b>4,891</b>	<b>7,827</b>	<b>6</b>	<b>-</b>	<b>107</b>	<b>107</b>	<b>107</b>	<b>26,864</b>
<b>2007</b>										
Fees	100	100	100	-	100	-	100	42	100	642
Other emoluments:										
Salaries and other benefits	2,160	1,200	1,750	422	808	-	-	-	-	6,340
Performance related incentive payment (Note)	324	324	500	630	300	-	-	-	-	2,078
Retirement benefit scheme contributions	151	84	123	2	61	-	-	-	-	421
<b>Total emoluments</b>	<b>2,735</b>	<b>1,708</b>	<b>2,473</b>	<b>1,054</b>	<b>1,269</b>	<b>-</b>	<b>100</b>	<b>42</b>	<b>100</b>	<b>9,481</b>

*Note:* The performance related incentive payment is determined with reference to the operating results, individual performance and comparable market statistics during both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS – continued

### (ii) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2007: four) were Directors of the Company whose emoluments are set out above. The emoluments of the remaining one (2007: one) highest paid individual are as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Salaries and other benefits	<b>1,540</b>	1,463
Retirement benefit scheme contributions	<b>95</b>	88
	<b><u>1,635</u></b>	<u>1,551</u>

### (iii) Retirement benefit scheme contributions

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Retirement benefit scheme contributions to the Group's defined contribution scheme	<b>1,143</b>	1,471
Less: Forfeited contributions	<b>(46)</b>	(199)
	<b><u>1,097</u></b>	<u>1,272</u>
Contributions to mandatory provident fund scheme ("MPF Scheme")	<b>2,414</b>	2,313
Amount charged to consolidated income statement	<b><u>3,511</u></b>	<u>3,585</u>

The Group participates in both a defined contribution scheme which is registered under the Hong Kong Occupational Retirement Scheme Ordinance (the "ORSO" Scheme) and the MPF Scheme established under the Hong Kong Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of independent trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1st December, 2000 are required to join the MPF Scheme.

The retirement benefit cost charged to the consolidated income statement represents contributions payable to the funds by the Group at rates specified in the rules of the schemes. Where there are employees who leave the ORSO Scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

At 31st March, 2007, forfeited contributions of approximately HK\$60,000 (2008: nil), which arose upon employees leaving the ORSO Scheme, are available to reduce the contributions payable in future years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 14. TAXATION

	Continuing operations		Discontinued operations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
The charge comprises:						
Current tax						
Hong Kong Profits Tax	<b>(5,248)</b>	(1,266)	-	(5,953)	<b>(5,248)</b>	(7,219)
Over (under) provision in prior years						
Hong Kong Profits Tax	<b>75</b>	(44)	-	17	<b>75</b>	(27)
PRC enterprise income tax	<b>(40)</b>	28	-	-	<b>(40)</b>	28
	<b>35</b>	(16)	-	17	<b>35</b>	1
Deferred tax (charge) credit (note 29)	<b>(124,450)</b>	(48,129)	-	22	<b>(124,450)</b>	(48,107)
	<b>(129,663)</b>	(49,411)	-	(5,914)	<b>(129,663)</b>	(55,325)

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year.

The People's Republic of China (the "PRC") enterprise income tax is calculated at the rates prevailing in the PRC.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 14. TAXATION – continued

The tax charge for the year can be reconciled to the profit before taxation per consolidated income statement and note 15 as follows:

	<b>2008</b> HK\$'000	2007 HK\$'000
Profit before taxation		
Continuing operations	<b>1,445,764</b>	509,686
Discontinued operations	<b>1,664</b>	36,255
	<b>1,447,428</b>	545,941
Tax charge at Hong Kong Profits Tax of 17.5%	<b>(253,300)</b>	(95,540)
Tax effect of share of results of associates	<b>15,468</b>	16,767
Tax effect of income that is not taxable for tax purpose	<b>26,217</b>	29,453
Tax effect of expenses that are not deductible for tax purpose	<b>(18,327)</b>	(11,700)
Utilisation of tax losses previously not recognised	<b>104,310</b>	10,830
Tax effect of tax losses not recognised	<b>(3,747)</b>	(5,013)
Effect of different tax rates of subsidiaries operating in other jurisdictions	<b>(289)</b>	(31)
Overprovision in prior years	<b>35</b>	1
Others	<b>(30)</b>	(92)
Taxation charge for the year	<b>(129,663)</b>	(55,325)

## 15. DISCONTINUED OPERATIONS

The Group spun off its brokerage and financing operations through separate listing of ECG by way of distribution in specie and subscription of shares to the Company's shareholders by a preferential offer, details of which are set out in the prospectus of ECG dated 11th April, 2007. The brokerage and financing operations were classified as discontinued operations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 15. DISCONTINUED OPERATIONS – continued

The results of the discontinued operations for the year ended 31st March, 2008, were as follows:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Turnover	<b>4,951</b>	123,685
Direct operating expenses	<b>(1,655)</b>	(40,197)
Other income	<b>213</b>	2,296
Administrative expenses	<b>(1,420)</b>	(26,109)
Reversal of allowance for doubtful debts	–	187
Finance costs	<b>(425)</b>	(23,607)
	<hr/>	<hr/>
Profit before taxation	<b>1,664</b>	36,255
Taxation	–	(5,914)
	<hr/>	<hr/>
Profit for the year	<b>1,664</b>	30,341

The discontinued operations contributed cash outflow of approximately HK\$359,050,000 (2007: cash inflow of HK\$85,837,000) to the Group's net operating cash flows, paid HK\$104,222,000 in 2007 (2008: nil) in respect of investing activities and generated HK\$335,600,000 (2007: HK\$54,400,000) in respect of financing activities.

The net assets of those subsidiaries in connection with the discontinued operations were as follows:

	HK\$'000
Property, plant and equipment	2,065
Intangible assets	748
Other assets	4,448
Debtors, deposits and prepayments	466,727
Bank balances – (clients' segregated accounts)	148,298
Bank balances and cash	102,334
Creditors and accrued charges	(122,312)
Taxation payable	(989)
Secured bank borrowings	(390,000)
Deferred taxation	(65)
	<hr/>
Distribution of assets recognised in equity	211,254
	<hr/>
Analysis of net cash outflow of cash and cash equivalents in connection with the discontinued operations:	
Bank balances and cash	102,334
	<hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 16. DIVIDENDS

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Recognised as distribution:		
Interim dividend for current financial year of HK\$0.04 (2007: HK\$0.04) per share	<b>71,010</b>	56,527
Final dividend for previous financial year of HK\$0.06 (2006: HK\$0.051) per share	<b>106,515</b>	68,706
	<b>177,525</b>	125,233
Proposed:		
2008 final proposed dividend after the balance sheet date of HK\$0.062 (2007: HK\$0.06) per share	<b>110,065</b>	106,515

In addition, a special dividend in specie of one ordinary share in ECG for every five shares held in the Company was distributed in April 2007, amounting to HK\$211,254,000.

The final dividend for 2008 of HK\$0.062 per share has been proposed by the Directors and is subject to approval by the shareholders in the forthcoming annual general meeting.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 17. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	<b>1,317,917</b>	487,677
	<b>2008</b>	2007
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>1,668,385,380</b>	1,365,653,523
Effect of dilutive potential ordinary shares of share options	<b>6,561,575</b>	–
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>1,674,946,955</b>	1,365,653,523

No diluted earnings per share had been presented in respect of the outstanding share options for the year ended 31st March, 2007 as the exercise price of these share options was higher than the average market price of the shares for that year.

No effect on earnings and number of shares due to the dilutive potential share on the share of results of a listed associate has been presented as the exercise price of these potential ordinary shares of the associate was higher than the average market price of the shares of the associate for both years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 17. EARNINGS PER SHARE – continued

### From continuing operations

The calculation of the earnings per share from continuing operations attributable to the ordinary equity holders of the Company is based on the following data:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Profit for the year attributable to equity holders of the Company	<b>1,317,917</b>	487,677
Less: Profit for the year from discontinued operations	<b>1,664</b>	30,341
Earnings for the purpose of basic and dilutive earnings per share from continuing operations	<b>1,316,253</b>	457,336

The denominators used are the same as those detailed above for both basic and dilutive earnings per share.

### From discontinued operations

Basic earnings per share for discontinued operations is HK\$0.001 per share (2007: earning per share of HK\$0.02) and dilutive earnings per share for the discontinued operations is HK\$0.001 (2007: N/A), based on the profit for the year ended 31st March, 2008 from discontinued operations of HK\$1,664,000 (2007: profit of HK\$30,341,000) and the denominators detailed above for both basic and dilutive earnings per share.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 18. INVESTMENT PROPERTIES

	2008 HK\$'000	2007 HK\$'000
AT FAIR VALUE		
At beginning of the year	3,996,002	3,712,220
Additions	2,070,043	232,355
Reclassification from buildings, including relevant prepaid leases	53,750	–
Reclassification from properties under development	2,946	–
Reclassification from hotel properties, including relevant prepaid leases	96,000	–
Reclassification to buildings, including relevant prepaid leases	(15,900)	–
Reclassification to properties under development	–	(21,424)
Disposals	(173,700)	(186,167)
Eliminated on disposal of subsidiaries ( <i>note 44</i> )	(99,410)	–
Change in fair value	743,945	259,018
	<b>6,673,676</b>	<b>3,996,002</b>
At end of the year	<b>6,673,676</b>	<b>3,996,002</b>

The carrying amount of investment properties at the balance sheet date comprises:

	2008 HK\$'000	2007 HK\$'000
Situated in Hong Kong:		
– long leases	3,342,609	1,965,237
– medium-term leases	2,702,467	1,855,765
Situated in Macau:		
– short-term lease	628,600	175,000
	<b>6,673,676</b>	<b>3,996,002</b>

The investment properties were valued at 31st March, 2008 and 31st March, 2007 by an employee of the Group, who is a professional qualified surveyor, on an open market value basis, in accordance with the Hong Kong Institute of Surveyors (“HKIS”) Valuation Standards on Properties (First Edition 2005) published by the HKIS. All the investment properties are held for rental under operating leases.

The valuation was arrived at with reference to market evidence of recent transaction prices for similar properties and rental income using the applicable market yields for the respective locations and types of properties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 19. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Hotel properties HK\$'000	Leasehold improvements HK\$'000	Others HK\$'000	Total HK\$'000
COST OR DEEMED COST					
At 1st April, 2006	44,301	194,202	63,515	70,107	372,125
Additions	–	–	8,176	9,333	17,509
Disposals	–	–	(10,618)	(6,569)	(17,187)
At 31st March, 2007 and 1st April, 2007	44,301	194,202	61,073	72,871	372,447
Additions	–	–	47,702	9,016	56,718
Disposals	–	–	(12,365)	(21,171)	(33,536)
Spin-off of subsidiaries	–	–	(2,898)	(12,308)	(15,206)
Disposal of subsidiaries	–	–	–	(231)	(231)
Reclassification from investment properties	5,000	–	–	–	5,000
Reclassification to investment properties	(31,922)	(50,971)	–	–	(82,893)
Reclassification	–	–	886	(886)	–
Surplus on revaluation	22,247	12,045	–	–	34,292
At 31st March, 2008	39,626	155,276	94,398	47,291	336,591
Comprising:					
At cost	28,626	–	94,398	47,291	170,315
At deemed cost	11,000	155,276	–	–	166,276
	39,626	155,276	94,398	47,291	336,591
DEPRECIATION					
At 1st April, 2006	11,469	43,792	34,596	53,282	143,139
Provided for the year	1,029	4,867	6,785	6,302	18,983
Eliminated on disposal	–	–	(10,618)	(6,569)	(17,187)
At 31st March, 2007 and 1st April, 2007	12,498	48,659	30,763	53,015	144,935
Provided for the year	951	4,621	7,887	6,832	20,291
Eliminated on reclassification to investment properties	(1,240)	(10,461)	–	–	(11,701)
Eliminated on spin-off of subsidiaries	–	–	(2,413)	(10,728)	(13,141)
Eliminated on disposal of subsidiaries	–	–	–	(97)	(97)
Reclassification	–	–	175	(175)	–
Eliminated on disposal	–	–	(9,289)	(21,111)	(30,400)
At 31st March, 2008	12,209	42,819	27,123	27,736	109,887
CARRYING VALUES					
At 31st March, 2008	27,417	112,457	67,275	19,555	226,704
At 31st March, 2007	31,803	145,543	30,310	19,856	227,512

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 19. PROPERTY, PLANT AND EQUIPMENT – continued

Certain buildings and hotel properties transferred from (to) investment properties in the current year were based on the valuation at date of transfer carried out by an employee of the Group, who is a professional qualified surveyors, on an open market value basis.

The hotel properties were transferred from investment properties in 1997 based on valuation as at 31st March, 1996 carried out by Mr. Tse Wai Chuen, FRICS, FHKIS, a former Director of the Company, on an open market value basis.

Certain buildings were transferred from investment properties in 2001 based on valuation as at 31st March, 2000 carried out by Chesterton Petty Limited, a firm of international property consultants, on an open market value basis.

### 20. PROPERTIES UNDER DEVELOPMENT – NON-CURRENT

The amount represented projects developed for rental purposes. They are expected to be completed within five years from the balance sheet date. The properties under development at the balance sheet date comprise:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Situated in Hong Kong under long leases	<b>563,288</b>	435,962
Situated in the PRC and held under land use rights for terms expiring within 50 years	<b>81,590</b>	5,786
	<b>644,878</b>	441,748

The land use right certificate of the relevant properties under development of approximately HK\$81,590,000 (2007: HK\$5,786,000) in the PRC has not yet been obtained up to the date of this report.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 21. PREPAID LEASE PAYMENTS

The prepaid lease payments comprise:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Situated in Hong Kong:		
– long leases	<b>246,850</b>	306,738
– medium-term lease	<b>39,242</b>	52,442
Situated in the PRC and held under land use right expiring within 50 years	<b>398,567</b>	388,657
	<b>684,659</b>	747,837
Analysed for reporting purposes as:		
– non-current portion	<b>671,834</b>	741,875
– current portion	<b>12,825</b>	5,962
	<b>684,659</b>	747,837

Prepaid lease payments include land use right in the PRC amounting to HK\$398,567,000 (2007: HK\$388,657,000). Up to the date of this report, such land use right certificate has not yet been obtained.

## 22. INTERESTS IN ASSOCIATES

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Cost of investment in associates		
– listed	<b>754,924</b>	578,925
– unlisted	–	–
	<b>754,924</b>	578,925
Share of post-acquisition reserves, net of dividends	<b>43,879</b>	(14,413)
	<b>798,803</b>	564,512
Market value of an associate listed on the Stock Exchange as at 31st March	<b>799,232</b>	481,853

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 22. INTERESTS IN ASSOCIATES – continued

The movement of goodwill included in the cost of investment in an associate is as follows:

	HK\$'000
COST	
At 1st April, 2006	54,584
On acquisition of additional interest in an associate	<u>159</u>
At 31st March, 2007, 1st April, 2007 and 31st March, 2008	<u>54,743</u>

In the current year, the Group acquired additional interest of an associate, Emperor Entertainment Hotel Limited (“EEH”) resulting in discount on acquisition of additional interest in EEH which was credited to the consolidated income statement.

The summarised financial information in respect of associates based on its audited financial statements for the year ended 31st March, 2008 and relevant information in respect of the Group’s interest in associates are as follows:

#### Result for the year

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Turnover	<u><b>1,297,952</b></u>	<u>1,310,007</u>
Profit for the year	<u><b>321,878</b></u>	<u>274,355</u>
Profit attributable to the Group	<u><b>88,391</b></u>	<u>95,813</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 22. INTERESTS IN ASSOCIATES – continued

### Financial position

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Non-current assets	<b>2,490,432</b>	2,485,827
Current assets	<b>888,720</b>	728,500
Current liabilities	<b>(682,176)</b>	(698,333)
Non-current liabilities	<b>(503,862)</b>	(614,982)
Total asset attributable to equity holders	<b>2,193,114</b>	1,901,012
Minority interests	<b>(479,875)</b>	(438,457)
Total equity	<b>1,713,239</b>	1,462,555
Share of net assets	<b>744,060</b>	509,769

Particulars of the Group's principal associate as at 31st March, 2008 and 2007, are as follows:

Name of associate	Place of incorporation	Effective proportion of issued share capital held by the Group		Principal activities
		2008	2007	
EEH	Bermuda	<b>43.43%</b>	34.82%	Hotel and gaming and property development

The above table lists the associate of the Group which, in the opinion of the Directors, principally affected the results of the year and formed a substantial portion of the net assets of the Group. To give details of other associates would, in the opinion of the Directors, result in particulars of excessive length.

## 23. AMOUNTS DUE FROM (TO) ASSOCIATES

The amounts due from associates are unsecured and have no fixed terms of repayments. At 31st March, 2007, other than an amount of HK\$35,879,000 (2008: nil) which carried interest at the prime rate quoted by The Hong Kong and Shanghai Banking Corporation Limited ("Prime Rate"), the remaining amount was interest free. In the opinion of the Directors, no demand for repayment will be made by the Group in the next twelve months. Accordingly, the amounts are shown as non-current assets.

The amount due to an associate is unsecured, interest-free and repayable on demand.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 24. LOANS RECEIVABLE

The loans were advanced to purchasers for financing the acquisition of the properties sold by the Group. The amounts carry interest at Prime Rate (2007: ranging from Prime Rate to 0.5% over Prime Rate) and are secured by second mortgages over the properties acquired by the purchasers. The maturity dates of the balances are 18 (2007: ranging from 19 to 25) years.

### 25. INTANGIBLE ASSETS

	<b>7 trading rights at the Stock Exchange</b> HK\$'000	<b>2 trading rights at the Futures Exchange</b> HK\$'000	<b>Total</b> HK\$'000
<b>COST</b>			
At 1st April, 2006	18,050	999	19,049
Disposals	(3,610)	–	(3,610)
At 31st March, 2007 and 1st April, 2007	14,440	999	15,439
Spin-off of subsidiaries	(11,552)	(999)	(12,551)
Disposals	(2,888)	–	(2,888)
At 31st March, 2008	–	–	–
<b>AMORTISATION</b>			
At 1st April, 2006	16,681	937	17,618
Charge for the year	273	21	294
Eliminated on disposal	(3,244)	–	(3,244)
At 31st March, 2007 and 1st April, 2007	13,710	958	14,668
Eliminated on spin-off of subsidiaries	(10,845)	(958)	(11,803)
Eliminated on disposal	(2,865)	–	(2,865)
At 31st March, 2008	–	–	–
<b>CARRYING AMOUNTS</b>			
At 31st March, 2008	–	–	–
At 31st March, 2007	730	41	771

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 26. GOODWILL

At 31st March, 2008, the carrying amount of goodwill of approximately HK\$1,940,000 (2007: HK\$1,940,000) in relation to business combination with agreement date on or after 1st January, 2005. For the purpose of impairment test, goodwill had been allocated to the cash generating unit ("CGU") for the lease of properties.

The recoverable amounts of the CGU is determined from value in use calculations. The value in use calculations use cash flow projections based on most recent financial budgets for the next two (2007: two) years prepared by the management with discount rate of 5% (2007: 5%). Another key assumption for the value in use calculation is the budgeted gross margin, which is determined based on the past performance and management's expectation on the market development. No impairment of goodwill is considered necessary. Management of the Group determines that there was no impairment of CGU containing goodwill at 31st March, 2008 and 31st March, 2007.

## 27. AVAILABLE-FOR-SALE FINANCIAL ASSETS/INVESTMENTS IN TRADING SECURITIES

Investments in securities at 31st March, 2008 are set out below:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Available-for-sale financial assets shown under non-current assets:		
Shares listed in Hong Kong, at market value	—	138
Trading securities shown under current assets:		
Shares listed in Hong Kong, at market value	<b>161</b>	139

## 28. OTHER ASSETS

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Club debentures and membership, at cost	<b>4,442</b>	4,442
Deposits	—	4,548
	<b>4,442</b>	8,990

The club debentures and membership have indefinite life.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 29. DEFERRED TAXATION

The major deferred taxation (liabilities) assets recognised and movements thereon during the year are as follows:

	<b>Accelerated tax depreciation</b> HK\$'000	<b>Revaluation of properties</b> HK\$'000	<b>Tax losses</b> HK\$'000	<b>Total</b> HK\$'000
At 1st April, 2006	(52,227)	(121,504)	27,738	(145,993)
Charge to consolidated income statement	(7,676)	(38,350)	(2,081)	(48,107)
Credit to equity	–	231	–	231
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31st March, 2007 and 1st April, 2007	(59,903)	(159,623)	25,657	(193,869)
Credit (charge) to consolidated income statement	(6,017)	(121,549)	3,116	(124,450)
Credit to equity	–	(5,782)	–	(5,782)
Spin-off of subsidiaries	65	–	–	65
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
At 31st March, 2008	<u>(65,855)</u>	<u>(286,954)</u>	<u>28,773</u>	<u>(324,036)</u>

For the purposes of balance sheet presentation, certain deferred taxation assets and liabilities have been offset. The following is an analysis of the deferred taxation balances for financial reporting purposes:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Deferred taxation assets	–	1,582
Deferred taxation liabilities	<b>(324,036)</b>	(195,451)
	<u><b>(324,036)</b></u>	<u>(193,869)</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 29. DEFERRED TAXATION – continued

At 31st March, 2008, the Group had tax losses of approximately HK\$886,306,000 (2007: HK\$1,455,445,000) available for offset against future profits. A deferred taxation asset has been recognised in respect of HK\$164,417,000 (2007: HK\$146,611,000) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK\$721,889,000 (2007: HK\$1,308,834,000) due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

Certain subsidiaries engaged in the lease of properties suffered from tax losses in previous years and the recognition of tax losses was based on the estimated future taxable profits with reference to the rental income commitment with tenants at the balance sheet date.

There were no other significant temporary differences arising during the year or at the balance sheet date.

## 30. INVENTORIES

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Catering goods	<b>619</b>	1,196

The cost of inventories recognised as an expense during the year amounted to approximately HK\$11,123,000 (2007: HK\$11,561,000).

## 31. PROPERTIES HELD FOR SALE

At 31st March, 2008, the properties held for sale comprise:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Situated in Hong Kong and held under long-term leases	<b>11,432</b>	15,558
Situated in Hong Kong and held under medium-term leases	<b>182</b>	12,553
Situated in the PRC and held under land use rights with terms expiring within 50 years	<b>15,100</b>	10,000
	<b>26,714</b>	38,111

The cost of properties sold recognised as an expense during the year amounted to approximately HK\$898,716,000 (2007: HK\$15,244,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 32. PROPERTIES UNDER DEVELOPMENT – CURRENT

The amount represented projects developed for sales after completion. The properties under development at the balance sheet date comprise:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Situated in Hong Kong:		
– long leases	<b>587,605</b>	1,299,394
– medium-term leases	<b>82,201</b>	75,368
Situated in the PRC and held under land use rights for:		
– terms not less than 50 years	–	3,000
– terms expiring within 50 years	<b>118,936</b>	60,825
	<b>788,742</b>	1,438,587

### 33. DEBTORS, DEPOSITS AND PREPAYMENTS

An aged analysis of trade debtors at the balance sheet date is set out as follows:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
0 – 30 days	<b>5,674</b>	4,360
31 – 90 days	<b>505</b>	339
91 – 180 days	<b>325</b>	103
Over 180 days	<b>235</b>	121
	<b>6,739</b>	4,923

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 33. DEBTORS, DEPOSITS AND PREPAYMENTS – continued

An analysis of debtors, deposits and prepayments is as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Debtors, net carrying values	<b>6,739</b>	4,923
Advances and share margin loans	–	80,622
Other receivables, net carrying values	<b>78,756</b>	36,304
Receivables from dealing in securities and futures	–	104,103
Deposits and prepayments	<b>22,257</b>	12,933
	<b>107,752</b>	238,885

No credit period was granted to tenants of rental of premises. Before accepting any new tenant, the Group will assess the credit quality of the potential tenants.

No credit period was granted to hotel customers generally except for those high credit rating customers to which an average credit period of 30 days was granted.

Receivables arising from the business of dealing in securities and futures contracts were settled in one to two days after trade date. Advances and share margin loans were secured by clients' pledged securities. Advances were repayable within one year and share margin loans were repayable on demand. No aged analysis was disclosed in respect of receivables from dealing in securities and future and share margin loans as, in the opinion of the Directors, the aged analysis did not give relevant information in view of the nature of the business of share margin financing.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 33. DEBTORS, DEPOSITS AND PREPAYMENTS – continued

Included in the Group's trade receivable balances are debtors with carrying amounts of HK\$5,622,000 (2007: HK\$3,030,000) which are past due at the report date for which the Group has not provided for impairment loss. The Group do not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Overdue for:		
1 – 30 days	<b>4,557</b>	2,524
31 – 90 days	<b>505</b>	302
91 – 180 days	<b>325</b>	89
Over 180 days	<b>235</b>	115
	<b>5,622</b>	3,030

The Group's management closely monitors the credit quality of debtor and considers the debtors that are neither past due nor impaired to be of a good credit quality with reference to historical payment pattern. Based on the payment pattern of the customers of the Group or advanced rental deposits received, debtors that are past due but not impaired are generally collectable.

Movement in the allowance for doubtful debts

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
At 1st April	<b>96,991</b>	106,005
Impairment loss recognised	<b>11</b>	3,970
Reversal of allowance for doubtful debts	–	(12,984)
Written off against receivable	<b>(93,377)</b>	–
Disposal of subsidiaries	<b>(117)</b>	–
At 31st March	<b>3,508</b>	96,991

Loans to share margin clients carried interest ranging from Prime Rate to 8% over Prime Rate per annum upon the due dates, and were secured by securities traded by the Group on behalf of its customers.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 34. PLEDGED BANK DEPOSIT

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Resettlement work	<b>271,229</b>	–
Secured deposits for borrowings (note 40)	<b>419,963</b>	18,820
	<b>691,192</b>	18,820

The amount of HK\$271,229,000 (equivalent to approximately RMB244,701,000) was paid to 北京朝陽區房屋管理局 as a deposit for resettlement for a development project in the PRC.

## 35. BANK BALANCES – (CLIENTS' SEGREGATED ACCOUNTS)

The amount represented bank balances held on behalf of customers for securities trading. The liability to customers were included under other payables under current liabilities.

## 36. BANK BALANCES (GENERAL ACCOUNTS) AND CASH

Bank balances (general accounts) and cash comprise cash held by the Group and short-term bank deposits with original maturity of three months or less, and carry floating rate interests ranging from 0.01% to 3.39% (2007: 0.72% to 3.55%) per annum.

## 37. CREDITORS, CUSTOMERS' DEPOSITS AND ACCRUED CHARGES

An aged analysis of trade payables at the balance sheet date is set out as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
0 – 90 days	<b>4,584</b>	1,668
91 – 180 days	<b>31</b>	–
Over 180 days	<b>87</b>	220
	<b>4,702</b>	1,888
Payables of dealings of securities and futures	–	162,961
Other creditors	<b>200,838</b>	220,930
Customers' deposits and accrued charges	<b>159,817</b>	85,800
	<b>365,357</b>	471,579

The settlement terms of trade payables arising from the business of dealing in securities were two days after trade date.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 38. AMOUNT DUE TO A MAJOR SHAREHOLDER

The amount is unsecured, carries interest at 0.5% over Hong Kong Interbank Offered Rate ("HIBOR"), after adjusting certain factor as negotiated between both parties (2007: 0.5% over HIBOR) and is repayable on demand.

### 39. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

The amounts are unsecured, interest-free and repayable on demand.

### 40. SECURED BANK BORROWINGS

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
The carrying amount of the floating rate bank borrowings are repayable as follows:		
Within one year or on demand	<b>915,674</b>	1,310,206
Between one to two years	<b>163,426</b>	125,780
Between two to three years	<b>220,117</b>	125,882
Between three to four years	<b>273,402</b>	184,583
Between four to five years	<b>142,235</b>	94,208
Over five years	<b>517,582</b>	239,522
	<b>2,232,436</b>	2,080,181
Less: Amount due within one year included under current liabilities	<b>(915,674)</b>	(1,310,206)
Amount due after one year	<b>1,316,762</b>	769,975
An analysis of secured bank borrowings due within one year is as follows:		
Bank loans	<b>902,495</b>	1,309,901
Bank overdrafts	<b>13,179</b>	305
	<b>915,674</b>	1,310,206

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 40. SECURED BANK BORROWINGS – continued

The bank borrowings carry interest ranging from 0.55% over HIBOR to 1.25% over HIBOR (2007: 0.6% over HIBOR to 1.25% over HIBOR) and are secured by certain of the Group's assets. The carrying values of these assets at the balance sheet date are as follows:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Investment properties	<b>6,312,607</b>	3,893,547
Properties under development	<b>309,520</b>	460,215
Buildings, including relevant prepaid lease payments	<b>92,352</b>	110,166
Hotel properties, including relevant prepaid lease payments	<b>333,544</b>	426,288
Bank deposits	<b>419,963</b>	18,820
	<b><u>7,467,986</u></b>	<u>4,909,036</u>

## 41. SHARE CAPITAL OF THE COMPANY

	<b>Number of shares</b>	<b>Nominal value</b> HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 1st April, 2006, 31st March, 2007, 1st April, 2007 and 31st March, 2008	<u>500,000,000,000</u>	<u>5,000,000</u>
Issued and fully paid:		
At 1st April, 2006	1,122,678,181	11,227
Increase in shares upon the Placing (note (a))	224,500,000	2,245
Increase in shares upon the Subscription (note (b))	<u>66,000,000</u>	<u>660</u>
At 31st March, 2007 and 1st April, 2007	1,413,178,181	14,132
Increase in share upon the Allotment (note (c))	79,433,953	794
Increase in shares upon the Placing (note (d))	<u>282,634,000</u>	<u>2,826</u>
At 31st March, 2008	<u>1,775,246,134</u>	<u>17,752</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 41. SHARE CAPITAL OF THE COMPANY – continued

*Notes:*

- (a) Pursuant to a placing agreement dated 10th April, 2006 made between Charron, the major shareholder of the Company and an independent placing agent (“First Placing Agent”), the First Placing Agent agreed to place 224,500,000 shares in the Company held by Charron at a placing price of HK\$1.83 per share.

Pursuant to a subscription agreement also dated 10th April, 2006 made between the Company and Charron, Charron agreed to subscribe for 224,500,000 shares in the Company and the Company agreed to issue 224,500,000 shares in the share capital of the Company to Charron at a subscription price of HK\$1.83 per share.

On completion of the subscription on 24th April, 2006, 224,500,000 shares of HK\$0.01 each were issued and allotted to Charron at a consideration of HK\$1.83 per share. The Company planned to use the proceeds as part of the financing arrangement for the purchase of properties. The shares issued rank pari passu in all respects with the then existing shares of the Company.

- (b) Pursuant to a subscription agreement dated 11th October, 2006 made between the Company and an independent third party (the “Subscriber”), the Subscriber agreed to subscribe for 66,000,000 shares in the Company and the Company agreed to issue 66,000,000 shares in the share capital of the Company at a subscription price of HK\$1.52 per share.

On completion of the subscription, 66,000,000 shares of HK\$0.01 each were issued and allotted to the Subscriber at a consideration of HK\$1.52 per share. The Company had used the proceeds in the property investment and development business of the Group. The shares issued rank pari passu in all respects with the then existing shares of the Company.

- (c) On 12th June, 2007, World Million Profits Limited (“World Million”), a wholly-owned subsidiary of the Company entered into a sale and purchase agreement (the “First Sale and Purchase Agreement”) with Lion Empire Investments Limited (“Lion Empire”) for acquisition of 10% interest in Nova Strategic Limited (“Nova Strategic”) and loan due from Nova Strategic to the vendor at a consideration of approximately HK\$170,783,000. The consideration was satisfied by the allotment and issue of 79,433,953 shares of the Company at an issue price of HK\$2.15 per share. Lion Empire is a wholly-owned subsidiary of The Albert Yeung Discretionary Trust (the “AY Trust”). Nova Strategic holds 50% interest and manages two VIP halls in Grand Emperor Hotel, in which Grand Emperor Hotel is engaged in hotel and gaming operations in Macau.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 41. SHARE CAPITAL OF THE COMPANY – continued

*Notes: – continued*

On the same date, World Million entered into another sale and purchase agreement (the “Second Sale and Purchase Agreement”) with a wholly-owned subsidiary of EEH, an associate of the Group, for the disposal of 10% interest in Nova Strategic together with the loan due from Nova strategic to World Million. The proceeds from disposal of Nova Strategic to EEH is approximately HK\$170,783,000. The consideration was satisfied by the allotment and issue of 104,774,846 shares of EEH at an issue price of HK\$1.63 per share. The market price of the Company’s share at completion of the First Sale and Purchase Agreement was HK\$1.98 per share. The market price of EEH’s share at completion of the Second Sales and Purchase Agreement was HK\$1.80 per share. Upon completion of the First Sale and Purchase Agreement and Second Sale and Purchase Agreement, the Group’s attributable interest in EEH was increased to approximately 41.42%.

The above mentioned First Sale and Purchase Agreement, Second Sale and Purchase Agreement and allotment of shares were approved pursuant to the ordinary resolution passed in a special general meeting held on 16th August, 2007. 79,433,953 shares of the Company of HK\$0.01 each were then issued and allotted. The shares issued rank pari passu in all respects with the then existing shares of the Company.

- (d) Pursuant to a placing agreement dated 12th June, 2007 made between Charron, the major shareholder of the Company and an independent placing agent (“Second Placing Agent”), the Second Placing Agent agreed to place 282,634,000 shares in the Company held by Charron at a placing price of HK\$2.15 per share.

Pursuant to a subscription agreement also dated 12th June, 2007 made between the Company and Charron, Charron agreed to subscribe for 282,634,000 shares in the Company and the Company agreed to issue 282,634,000 shares in the share capital of the Company to Charron at a subscription price of HK\$2.15 per share.

On completion of the subscription on 20th August, 2007, 282,634,000 shares of HK\$0.01 each were issued and allotted to Charron at a consideration of HK\$2.15 per share. The shares issued rank pari passu in all respects with the then existing shares of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 42. SHARE OPTION

The Company adopted a share option scheme (the "Scheme") which became effective on 9th September, 2003 (the "Adoption Date"). The primary purpose of the Scheme is to provide incentives or rewards to the participants including the Directors and eligible employees of the Group, for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that were valuable to the Group or any entity in which the Group held an equity interest.

Under the Scheme, the Directors of the Company are authorised, at any time within ten years after the Adoption Date, to offer to grant options to any participant to subscribe for shares in the Company at a price not less than the highest of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of a Company's share. The total number of shares in respect of which options may be granted under the Scheme cannot exceed 10% of the total number of shares in issue on the Adoption Date. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option scheme of the Company, if any, cannot exceed 30% of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any Participant shall not exceed 1% of the total number of shares in issue in any 12-month period. An option may be exercised at any time within ten years from the date of issue of the relevant options, where the acceptance date should not be later than 28 days from the date of the offer. A nominal consideration of HK\$1 is payable on acceptance of the grant of options.

On 28th January, 2008, a total of 17,500,000 share options were granted to 4 Directors of the Company at an exercise price of HK\$2.91 under the terms of the Scheme. The share options were immediately vested upon granted.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 42. SHARE OPTION – continued

The movements of the outstanding share options, which was granted to the Directors of the Company under the Scheme, during the year ended 31st March, 2008 and balance outstanding at 31st March, 2008 is as follows:

Date of grant	Exercisable period	Exercise price per share HK\$	Number of share options		
			Outstanding at 1st April, 2006, 31st March, 2007 and 1st April, 2007	Granted during the year	Outstanding at 31st March, 2008
11.8.2005	11.8.2005 – 10.8.2015	1.88	20,000,000	–	20,000,000
28.1.2008	28.1.2008 – 27.1.2013	2.91	–	17,500,000	17,500,000
			<u>20,000,000</u>	<u>17,500,000</u>	<u>37,500,000</u>

The fair values of options granted on 28th January, 2008 were calculated using the Binominal Option Pricing Model. The inputs into the models are as follows:

Share price at date of grant	HK\$2.91
Exercise price	HK\$2.91
Expected volatility	61.32%
Expected life in years	5
Risk free rate	1.97%
Expected dividend yield	3.44%

The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability and behavioural considerations.

The fair value of each option was HK\$0.8547 at the date of grant.

During the year ended 31st March, 2008, HK\$14,957,000 is recognised in the consolidated income statement in respect of the value of options granted.

Notes:

- (i) The volatility measured at the standard derivation of expected share price returns is based on a statistical analysis of daily share prices of the Company over 1 year preceding the grant date.
- (ii) The above calculation is based on the assumption that there is no material difference between the expected volatility over the whole life of the options and the historical volatility of the shares of the Company.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 43. PURCHASE OF SUBSIDIARIES

In April 2006, the Group entered into a Share Purchase Agreement (“Agreement”) and completed the acquisitions of the entire issued share capital of Rich Ever Group Limited (“Rich Ever”) and all the outstanding loans due from CAIT International Limited (“CAIT”) to the Vendor (as defined under the Agreement) at a consideration of RMB160,000,000 (equivalent to HK\$177,395,000). Rich Ever indirectly held 70% of the registered capital of Beijing Kai Li Te Li Real Estate Development Co. Ltd. (“Beijing Kai Li Te Li”) which owns a development site located at Yong An Xi Li Chaoyang District in Beijing, the PRC. Under the Agreement, the Group also agreed to pay the outstanding indebtedness of RMB30,000,000 (equivalent to HK\$33,262,000) due by Beijing Kai Li Te Li to a creditor. Pursuant to the terms of the Agreement, the Group had duly paid 北京市國土資源局 the land premium and other cost of RMB161,870,000 (equivalent to HK\$179,469,000).

In April 2006, the Group also entered into an agreement with the minority shareholder of Beijing Kai Li Te Li and agreed to acquire the remaining 30% interest in Beijing Kai Li Te Li at a consideration of RMB71,250,000 (out of which RMB31,250,000 shall be borne by the Vendor under the Agreement). As at the balance sheet date, the Group had paid the minority shareholder RMB40,000,000 (equivalent to HK\$44,348,000).

The acquisition of Rich Ever and the remaining 30% interest in Beijing Kai Li Te Li had been recorded as purchase of interests in leasehold land.

At the balance sheet date, an amount of approximately RMB190,000,000 (equivalent to HK\$210,657,000) (2007: RMB195,000,000 (equivalent to HK\$196,984,000)) remained payable to the Vendor and the creditor of Beijing Kai Li Te Li.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 44. DISPOSAL OF SUBSIDIARIES

During the year, the Group disposed of Emperor Capital Limited and Kam Iek Limited. Their aggregate assets and liabilities at the dates of disposal were as follows:

	<b>2008</b> <b>HK\$'000</b>
Net assets of subsidiaries disposed of:	
Investment properties	<b>99,410</b>
Property, plant and equipment	<b>134</b>
Debtors, deposits and prepayments	<b>1,783</b>
Bank balance and cash	<b>18,971</b>
Creditors and accrued charges	<b>(12,161)</b>
	<hr/>
	<b>108,137</b>
Gain on disposal of subsidiaries	<b>3,777</b>
	<hr/>
Total consideration, satisfied by cash	<b>111,914</b>
	<hr/>
Net cash inflow arising from disposal	
Cash consideration	<b>111,914</b>
Bank balances and cash disposed of	<b>(18,971)</b>
	<hr/>
	<b>92,943</b>
	<hr/>

The subsidiaries disposed of did not have any significant impact on the Group's revenue, profit and cash flow for the year ended 31st March, 2008.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

### 45. COMMITMENTS

	<b>THE GROUP</b>	
	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Authorised but not contracted for in respect of:		
– property investment and development projects	<b>541,810</b>	125,339
Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of:		
– property investment and development projects	<b>319,652</b>	338,065
– investment properties	<b>708,670</b>	160,167
– property, plant and equipment	<b>35,175</b>	3,397
	<b>1,605,307</b>	626,968

### 46. OPERATING LEASE COMMITMENTS

#### The Group as lessee

At the balance sheet date, the Group had future minimum lease commitments under non-cancellable operating leases in respect of rented premises, which fall due as follows:

	<b>2008</b>	2007
	<b>HK\$'000</b>	HK\$'000
Within one year	<b>154</b>	646
In the second to fifth years inclusive	<b>–</b>	280
	<b>154</b>	926

Leases are negotiated for terms ranging from 1 to 2 years and the minimum rentals are pre-determined and fixed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 46. OPERATING LEASE COMMITMENTS – continued

### The Group as lessor

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

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Within one year	<b>169,998</b>	148,073
In the second to fifth years inclusive	<b>134,899</b>	105,934
	<b>304,897</b>	254,007

The leases were committed with tenancy ranging from 1 to 3 years and the rentals are pre-determined and fixed.

## 47. RELATED PARTY TRANSACTIONS

- (a) Other than spin-off of ECG, additional acquisition of interest in EEH and disposal of Emperor Capital Limited disclosed in notes 15, 41 and 44 respectively, the Group also had the following significant transactions with related parties:

	<b>2008</b> <b>HK\$'000</b>	2007 HK\$'000
Rental received from related companies	<b>40,052</b>	31,533
Interest paid to a major shareholder	<b>24,744</b>	28,887
Interest received from an associate	<b>1,672</b>	2,357
Professional and service fees received from an associate and related companies	<b>2,351</b>	1,056

The related companies represent subsidiaries owned by a substantial shareholder of the Company.

- (b) The key management personnel includes solely the Directors of the Company and the compensation paid to them is set out in note 13.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 48. SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st March, 2008 and 31st March, 2007, are as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest		Principal activities
			2008 %	2007 %	
<b>Directly held</b>					
Emperor Investment Limited	Hong Kong	1,000	100.00	100.00	Investment holding
<b>Indirectly held</b>					
A-Hing Limited	Hong Kong	2	100.00	100.00	Property investment
Active Pace Investment Limited	Hong Kong	100	100.00	100.00	Property investment
Actmore Estate Limited	Hong Kong	1,000,000	100.00	100.00	Property investment
Arch Concept Limited	Hong Kong	2	100.00	100.00	Property development
Bo Shing Real Estate Limited	Hong Kong	1,002	100.00	100.00	Investment holding and property investment
Chance Yield Development Limited	Hong Kong	2	100.00	100.00	Property investment
Cherish Will Limited	Hong Kong	2	100.00	100.00	Property investment
Crown Source Development Limited	Hong Kong	2	100.00	100.00	Property development
Diamond Faith Company Limited	Hong Kong	2	100.00	100.00	Property development
Distinct Rich Limited	Hong Kong	1,002	100.00	100.00	Investment holding and property investment

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 48. SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest		Principal activities
			2008 %	2007 %	
<b>Indirectly held – continued</b>					
EIL Property Management Limited	Hong Kong	100	<b>100.00</b>	100.00	Provision of property management services
Elegant Hero Enterprise Limited	Hong Kong	100	<b>100.00</b>	100.00	Restaurant operation
Emperor Hotel Limited	Hong Kong	2	<b>100.00</b>	100.00	Hotel operations and property development
Emperor Hotel (HK) Limited	Hong Kong	2	<b>100.00</b>	100.00	Property holding
Emperor Investment (Management) Limited	Hong Kong	100	<b>100.00</b>	100.00	Provision of management services
Emperor Project Management (Hong Kong) Limited	Hong Kong	100	<b>100.00</b>	100.00	Provision of project management services
Emperor Property Agency Limited	Hong Kong	100	<b>100.00</b>	100.00	Provision of property agency services
Emperor (Xiamen) Real Estate Investments Limited	PRC (note)	US\$5,000,000	<b>97.02</b>	95.00	Property development
Express Honor Enterprises Limited	Hong Kong	1	<b>100.00</b>	100.00	Property investment
Forever Crown Limited	Hong Kong	2	<b>100.00</b>	100.00	Property investment
Gallan Limited	Hong Kong	2	<b>100.00</b>	100.00	Property development
Gold Shine Investment Limited	Hong Kong	2	<b>97.62</b>	96.35	Property development

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 48. SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest		Principal activities
			2008 %	2007 %	
<b>Indirectly held – continued</b>					
Golden Pegasus Investment Limited	Hong Kong	100,000	<b>100.00</b>	100.00	Property investment
Headwise Investment Limited	Hong Kong	2	<b>100.00</b>	100.00	Property investment
HKDN Limited	Hong Kong	100,000	<b>100.00</b>	100.00	Property development
Hoi Tin Marine Products Limited	Hong Kong	10,000	<b>100.00</b>	100.00	Property investment
I Soi Limitada	Macau	MOP25,000	<b>100.00</b>	100.00	Property investment
I Veng Limitada	Macau	MOP25,000	<b>100.00</b>	100.00	Property investment
Jade Palace Properties Limited	Hong Kong	10,000	<b>100.00</b>	100.00	Property investment
Keenworld Corporation Limited	Hong Kong	1	<b>100.00</b>	100.00	Property development
Majesty Investments Limited	Hong Kong	2	<b>100.00</b>	100.00	Property trading
Marvellous Pacific Limited	Hong Kong	100	<b>100.00</b>	100.00	Property investment
Planwing Limited	Hong Kong	2	<b>100.00</b>	100.00	Property investment
Pleasure View Investment Limited	Hong Kong	2	<b>100.00</b>	100.00	Property investment
Prestige Gold Investment Limited	Hong Kong	100	<b>100.00</b>	100.00	Property holding
Primoforce Limited	Hong Kong	1	<b>100.00</b>	100.00	Property investment
Rich Gallant Investment Limited	Hong Kong	2	<b>100.00</b>	100.00	Property investment

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 48. SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest		Principal activities
			2008 %	2007 %	
<b>Indirectly held – continued</b>					
Richorse Limited	Hong Kong	2	<b>100.00</b>	100.00	Property investment
Roseley Limited	Hong Kong	10	<b>100.00</b>	100.00	Property investment
Royal Arcardia Limited	Hong Kong	2	<b>100.00</b>	100.00	Property investment
Sellwell Inc.	British Virgin Islands/ Hong Kong	US\$100	<b>100.00</b>	100.00	Property investment
Sheen Fit International Limited	Hong Kong	1	<b>100.00</b>	100.00	Property development
Union Reward International Limited	Hong Kong	1	<b>100.00</b>	100.00	Property investment
Very Sound Investments Limited	Hong Kong	10,000,000	<b>100.00</b>	100.00	Property investment
Webster Investments Company Limited	Hong Kong	100,000	<b>100.00</b>	100.00	Property development
World Fortune Corporation Limited	Hong Kong	2	<b>100.00</b>	100.00	Property investment
Worthly Strong Investment Limited	Hong Kong	100	<b>100.00</b>	100.00	Investment holding

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 48. SUBSIDIARIES – continued

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued ordinary share capital/ registered capital*	Company's attributable equity interest		Principal activities
			2008 %	2007 %	
<b>Indirectly held – continued</b>					
Ying Wong Property Limited	Hong Kong	100	<b>100.00</b>	100.00	Property investment
Yorkshore Corporation Limited	Hong Kong	10,000,000	<b>100.00</b>	100.00	Property investment
Young Health Investments Limited	Hong Kong	2	<b>100.00</b>	100.00	Property investment

\* All amounts are in Hong Kong dollars except stated otherwise.

Note: A Sino-foreign corporative joint venture established in the PRC.

All subsidiaries, except for those companies incorporated outside Hong Kong, carry on their businesses in Hong Kong unless stated otherwise.

None of the subsidiaries had issued any debt securities as at 31st March, 2008 and 31st March, 2007.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st March, 2008

## 49. POST BALANCE SHEET EVENTS

- (a) In April 2008, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with Oriental Press Group Limited (“Oriental Press Group”), a company incorporated in Hong Kong with limited liability with its shares listed on the Stock Exchange, to acquire (i) the entire issued share capital of Oriental Press Centre Limited (“Oriental Press”), and (ii) all amount due from Oriental Press to Oriental Press Group, at a consideration of approximately HK\$515,561,000. The major assets of Oriental Press is an 11-storey industrial building. The acquisition was completed on 30th April, 2008, and Oriental Press became a wholly-owned subsidiary of the Group.
- (b) In April 2008, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with Global Food Culture Group Limited (“Global Food”) to acquire (i) the entire issued share capital of Ever Resources International Limited (“Ever Resources”); and (ii) all amount due from Ever Resources to Global Food at a consideration of approximately HK\$28,300,000. The major assets of Ever Resources is a commercial property. Global Food and Ever Resources are subsidiaries under AY Trust.
- (c) On 16th May, 2008, a wholly-owned subsidiary of the Group entered into a purchase and sale agreement with Multifold Group Limited, to acquire (i) the entire issued capital of Genuine Gold Limited and (ii) all amount due from Genuine Gold Limited to Multifold Group Limited, at a consideration of approximately HK\$1,359,838,000. Genuine Gold Limited is principally engaged in the business of property investment. Multifold Group Limited is a wholly-owned subsidiary of Allmighty Group Limited, which is in turn owned as to 72% indirectly by AY Trust. The major assets of Genuine Gold Limited is a commercial property. An ordinary resolution was passed in a special general meeting held on 23rd June, 2008 for the acquisition.



## FINANCIAL SUMMARY

### RESULTS

	Year ended 31st March,				
	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000	2004 HK\$'000
Turnover	<b>1,770,164</b>	408,514	985,534	1,005,736	1,279,983
Profit before taxation	<b>1,447,428</b>	545,941	625,099	478,845	345,433
Taxation	<b>(129,663)</b>	(55,325)	(88,418)	(12,573)	(15,964)
Profit for the year	<b>1,317,765</b>	490,616	536,681	466,272	329,469
Attributable to:					
Equity holders of the Company	<b>1,317,917</b>	487,677	532,392	466,354	330,003
Minority interests	<b>(152)</b>	2,939	4,289	(82)	(534)
	<b>1,317,765</b>	490,616	536,681	466,272	329,469

### ASSETS AND LIABILITIES

	Year ended 31st March,				
	2008 HK\$'000	2007 HK\$'000	2006 HK\$'000	2005 HK\$'000	2004 HK\$'000
Total assets	<b>10,920,846</b>	8,071,525	5,821,463	4,927,333	3,386,475
Total liabilities	<b>(4,520,353)</b>	(3,405,265)	(2,032,797)	(1,583,585)	(1,052,233)
	<b>6,400,493</b>	4,666,260	3,788,666	3,343,748	2,334,242
Equity attributable to equity holders of the company	<b>6,400,423</b>	4,665,846	3,792,183	3,351,863	2,334,226
Minority interests	<b>70</b>	414	(3,517)	(8,115)	(9,984)
Shareholders' funds	<b>6,400,493</b>	4,666,260	3,788,666	3,343,748	2,334,242

## SUMMARY OF PROPERTIES

Particulars of the Group's major investment properties and properties under development as at 31st March, 2008, are as follows:

## INVESTMENT PROPERTIES

	<b>Location</b>	<b>Purpose</b>	<b>Floor area sq.ft.</b>	<b>Car parking</b>	<b>Group's interest %</b>
1.	Ground Floor and 1st Floor, 474-476 Lockhart Road, and Shop G on Ground Floor, Pun Tak, Building, 478-484 Lockhart Road, Causeway Bay, Hong Kong	Commercial	3,292 (S)	–	100
2.	Ground Floor and 1st Floor of 46 Leighton Road and Ground Floor of 44 and 48 Leighton Road, Lai Chi Building, Causeway Bay, Hong Kong	Commercial	4,238 (S)	–	100
3.	4/6th shares of Car Parking Spaces Nos. L5 and P4, Ground Floor, Sandoz Centre, 178 – 182 Texaco Road, Tsuen Wan, New Territories	Carparks	–	2	100
4.	Units 1 to 4 on 12th Floor, Wing Yip Commercial Building, 65-71 Yen Chow Street, Shamshuipo, Kowloon	Commercial	799 (S)	–	100
5.	Carpark Nos. 1-11, 20, 23, 23A, 24 and 24A on Ground Floor, Kwong Sang Hong Building, Blocks C and D, 188 Wanchai Road, Wanchai, Hong Kong	Carparks	–	16	100
6.	Units 601, 602, 705, 801, 802, 806, 901, Office 902, 1103-4, 1206-7, 1701, 1705, 1802-3, 2001, 2007 and 2101, Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong		28,725 (G)	–	100

## SUMMARY OF PROPERTIES

### INVESTMENT PROPERTIES – continued

	<b>Location</b>	<b>Purpose</b>	<b>Floor area</b> sq.ft.	<b>Car parking</b>	<b>Group's</b> <b>interest</b> %
7.	Shops on Basement One and Two G-4/F, some Commercial Units on 23-29/F Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong	Commercial/ Office	147,314 (G)	34	100
8.	Emperor Plaza, 55 Chung On Street, Tsuen Wan, New Territories	Commercial	196,150 (G)	–	100
9.	Ground Floor and 1st Floor, Hong Kong Chinese Bank, Causeway Bay Centre, 42-44 Yee Wo Street, Causeway Bay, Hong Kong	Commercial	2,772 (S)	–	100
10.	Ground Floor and 1st Floor, 523 Lockhart Road, Causeway Bay, Hong Kong	Commercial	1,060 (S)	–	100
11.	G/F, Cockloft, 1-4/F, 3 Shek Tong Street, Hunghom, Kowloon	Commercial/ Residential	2,076 (G)	–	100
12.	Shop Q on Ground Floor, (including Mezzanine Floor), Hong Kong Mansion, Great George Street, Causeway Bay, Hong Kong	Commercial	921 (S)	–	100
13.	Shops 1-3 & 5 on Ground Floor, the whole of 1st, 2nd and 3rd Floors, the External Walls of Ground Floor to 3rd Floor, the Flat Roof on 5th Floor and Parapet Walls enclosing the Flat Roof on 5th Floor and Lift No. 1 and No. 5, 8 Russell Street, Causeway Bay, Hong Kong	Commercial	24,936 (G)	–	100

## SUMMARY OF PROPERTIES

## INVESTMENT PROPERTIES – continued

	<b>Location</b>	<b>Purpose</b>	<b>Floor area</b> sq.ft.	<b>Car parking</b>	<b>Group's</b> <b>interest</b> %
14.	Flat D on Ground Floor of Cheong Kee House, No. 4 Sai Yeung Choi Street, South and Nos. 21, 21A & 21B, Soy Street, Kowloon	Commercial	573 (S)	–	100
15.	Shops 1-4 Lower G/F, Yee Fung Building, 1A Wong Nai Chung Road, Happy Valley, Hong Kong	Commercial	2,900 (G)	–	100
16.	Ground Floor, 54 Russell Street, Causeway Bay, Hong Kong	Commercial	886 (S)	–	100
17.	Shops A & B, G/F, Units A & B on 1/F & 2/F, 50-52 Russell Street, Causeway Bay, Hong Kong	Commercial	2,704 (S)	–	100
18.	G/F, 56 Russell Street & M/F, 54 & 56 Russell Street, Causeway Bay, Hong Kong	Commercial	2,485 (S)	–	100
19.	Ground Floor, 20 Russell Street, Causeway Bay, Hong Kong	Commercial	648 (S)	–	100
20.	Ground Floor, 4 Canton Road, Tsimshatsui, Kowloon	Commercial	710 (S)	–	100

## SUMMARY OF PROPERTIES

### INVESTMENT PROPERTIES – continued

	<b>Location</b>	<b>Purpose</b>	<b>Floor area sq.ft.</b>	<b>Car parking</b>	<b>Group's interest %</b>
21.	Units A and B on 10th Floor, Cheung Ka Industrial Building, 179-180 Connaught Road West, and 345-345A Des Voeux Road West, Hong Kong	Industrial	9,448 (S)	–	100
22.	Units A to H on 17th Floor and Vehicle Parking Space No. 7 on G/F, Hong Kong Industrial Building, 444-452 Des Voeux Road West, Hong Kong	Industrial	11,554 (S)	1	100
23.	Units C, D and G on 18th Floor, Unit H on 1st Floor and Vehicle Parking Spaces Nos. 11-12 on G/F, Hong Kong Industrial Building, 444-452 Des Voeux Road West, Hong Kong	Industrial	6,060 (S)	2	100
24.	Shops A & B on Ground Floor, Hong Kong Industrial Building, 444-452 Des Voeux Road West, Hong Kong	Industrial	14,211 (S)	–	100
25.	Shops Nos. 7-11 & Entrance on Ground Floor, the whole of 1st to 5th Floors, Wei Kei Building, 275 Chatham Road North, Hung Hom, Kowloon	Commercial/ Carparking	12,994 (S)	–	100
26.	The Ulfert Centre (formerly known as Golden Castle Industrial Building), 4 Kin Fat Lane, Tuen Mun, New Territories	Industrial	180,595 (G)	–	100

## SUMMARY OF PROPERTIES

## INVESTMENT PROPERTIES – continued

	<b>Location</b>	<b>Purpose</b>	<b>Floor area sq.ft.</b>	<b>Car parking</b>	<b>Group's interest %</b>
27.	G/F, Portion B, 63-69 Avenida De Infante D. Henrique and Shop C2 on G/F, No. 5 Rua Dr. Pedro Jose Lobo, Macau	Commercial	1,167 (S)	–	100
28.	66 Jardine's Bazaar, Causeway Bay, Hong Kong	Shops/Residential	4,012 (S)	–	100
29.	Shops A, B & E, G/F, Hung Kei Mansion, 5-8 Queen's Victoria Road, Central, Hong Kong	Commercial	2,265 (S)	–	100
30.	Shops 1-6, G/F and 1-2/F, 1st and 2nd Advertising Walls, 525 Shanghai Street, Mongkok, Kowloon	Commercial	4,491 (S)	–	100
31.	Unit C, 6/F, CNT Tower, Wan Chai, Hong Kong	Office	940 (G)	–	100
32.	Flat A & C, 12/F and Flat B, 17/F, Ying Fai Court, 1 Ying Fai Terrace, Hong Kong	Residential	1,389 (S)	–	100
33.	Tai Tung Hotel (excluding G/F, 396-398 Prince Edward Road West), 396-402 Prince Edward Road West, Kowloon	Commercial	13,000 (G)	–	100
34.	B/F, G/F, 1/F – 4/F of Block A, No. 201-209 Avenida De Almeida Riberiro, No. 1 -3 Patio Das Esquinas, Macau	Commercial	11,243 (S)	–	100

## SUMMARY OF PROPERTIES

### INVESTMENT PROPERTIES – continued

	<b>Location</b>	<b>Purpose</b>	<b>Floor area</b> sq.ft.	<b>Car parking</b>	<b>Group's</b> <b>interest</b> %
35.	71-75 Avenida Do Infante. D. Henrique 526-540 Avenida Da Praia Grande, Macau	Commercial/ Residential	11,068 (S)	–	100
36.	Block B, 1/F, 514-520 Avenida Da Praia Grande, Macau	Residential	1,039 (S)	–	100
37.	B1, B2 and 3/F, The Emperor (Happy Valley) Hotel, 1A Wang Tak Street, Happy Valley, Hong Kong	Commercial	16,128 (G)	–	100

Remarks: (G) – gross floor area  
(S) – saleable area  
(Site) – site area

## SUMMARY OF PROPERTIES

## PROPERTIES UNDER DEVELOPMENT

	Property	Purpose	Site Area sq.ft.	Estimated Gross Floor Area sq.ft.	Stage of Completion	Estimated Completion Date	Car Parking	Group's Interest %
1.	Phase II of Riverside Garden, Hubin Bei Road, Xiamen, Fujian Province, The People's Republic of China	Commercial/ Residential	73,346	440,000	Superstructure up to roof level	2008	173	97
2.	28 Beach Road, Repulse Bay, Hong Kong	Commercial	45,530	163,000	Superstructure up to roof level	2008	125	97
3.	Lot Nos. 299sC, 299RP, 302-304, 305sA, 306sA, 307sA, 308, 309RP, 342, 343sAss1 and 372-382 in Demarcation District No. 210, Ho Chung, Sai Kung, New Territories	Residential	71,438	23,002	Site	2012	-	100
4.	Lot Nos. 300, 305RP, 306RP, 307RP, 343sAss2, 344, 345, 346, 347, 349RP, 353sA, DD210, Sai Kung, NT	Residential	28,342	11,341	Site	2012	-	100
5.	454A-462A Des Voeux Road West and 3 Cheung Kan Lane, Hong Kong	Commercial/ Residential	10,044	84,382	Site	2012	-	100



## SUMMARY OF PROPERTIES

### PROPERTIES UNDER DEVELOPMENT – continued

	Property	Purpose	Site Area sq.ft.	Estimated Gross Floor Area sq.ft.	Stage of Completion	Estimated Completion Date	Car Parking	Group's Interest %
6.	10-16 Luen Fat Street, Fanling, New Territories	Site site	3,840	N/A	Uncleared site	–	–	100
7.	18-28 Shing On Street, Sai Wan Ho, Hong Kong	Site	4,382	N/A	Uncleared site	2011	–	100
8.	96-106 Java Road, North Point, Hong Kong	Commercial/ Residential	6,818	56,385	Site	2011	–	75
9.	北京長安大街凱特大廈 A parcel of land located at Yong An Xi Li, Chaoyang District, Beijing, The PRC	Commercial	88,419	816,400	Uncleared site	–	–	100