



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 2008/2009



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# 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

## 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 Fulcrum Group (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

FOR THE YEAR ENDED 31ST MARCH

|  | Lease of properties |                  | Sales of properties |                  | Property development |                  | Hotel operations |                  | Discontinued and others operations |                  | Total              |                  |
|--|---------------------|------------------|---------------------|------------------|----------------------|------------------|------------------|------------------|------------------------------------|------------------|--------------------|------------------|
|  | 2009<br>HK\$'000    | 2008<br>HK\$'000 | 2009<br>HK\$'000    | 2008<br>HK\$'000 | 2009<br>HK\$'000     | 2008<br>HK\$'000 | 2009<br>HK\$'000 | 2008<br>HK\$'000 | 2009<br>HK\$'000                   | 2008<br>HK\$'000 | 2009<br>HK\$'000   | 2008<br>HK\$'000 |
| Turnover   | <u>292,505</u>      | <u>201,379</u>   | <u>-</u>            | <u>1,487,218</u> | <u>-</u>             | <u>-</u>         | <u>52,674</u>    | <u>70,283</u>    | <u>2,991</u>                       | <u>11,284</u>    | <u>348,170</u>     | <u>1,770,164</u> |
| Contribution   | <u>261,534</u>      | <u>184,568</u>   | <u>-</u>            | <u>600,000</u>   | <u>(34,211)</u>      | <u>(16,326)</u>  | <u>9,129</u>     | <u>9,037</u>     | <u>1,341</u>                       | <u>3,388</u>     | <u>237,793</u>     | <u>780,667</u>   |
| Revaluation  | <u>(1,586,109)</u>  | <u>743,945</u>   | <u>-</u>            | <u>4,112</u>     | <u>(172,120)</u>     | <u>(6,643)</u>   | <u>-</u>         | <u>-</u>         | <u>-</u>                           | <u>-</u>         | <u>(1,758,229)</u> | <u>741,414</u>   |
| Share of contribution<br>by Emperor<br>Entertainment Hotel<br>Limited          |                     |                  |                     |                  |                      |                  |                  |                  |                                    |                  | <u>12,529</u>      | <u>77,412</u>    |
| (Loss) profit for the year<br>attributable to equity<br>holders of the Company |                     |                  |                     |                  |                      |                  |                  |                  |                                    |                  | <u>(1,536,985)</u> | <u>1,317,917</u> |

# Chairperson's Statement

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

For the year ended 31st March, 2009 ("Year"), Emperor International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") recorded total revenue of approximately HK\$348.2 million, compared with HK\$1,770.2 million for the same period in the previous year. The property market had been encumbered by the global economic downturn, rising unemployment and market uncertainties. The Group did not sell any property during the Year, versus sales revenue of HK\$1,487.2 million in the previous year.

The contraction of global economy and equity markets had triggered an abrupt downturn in the general property market condition in Hong Kong in the second half of 2008. The Group recorded a loss of HK\$1,586.1 million (2008: gain of HK\$743.9 million) from fair value change of its investment properties for the Year, which had incorporated substantial revaluation gain from the booming property market in recent years. The Group had also made an impairment loss of HK\$172.1 million (2008: HK\$6.6 million) in respect of its properties under development in Hong Kong and PRC, after taking into account market valuation of the projects.

Although these losses had materially adversely impacted on the profit and loss of the Group, the Group's investment properties continued to generate stable rental income. The high-quality investment property portfolio, which benefited from their prime locations in Hong Kong and Macau as well as continuing positive rental reversions and contribution from new properties, had delivered a growth in rental revenue of a 45.2% year-on-year to HK\$292.5 million (2008: HK\$201.4 million).

On the other hand, the Group saw a drop in contribution from its associate company, Emperor Entertainment Hotel Limited to HK\$12.5 million during the Year (2008: HK\$77.4 million), mainly due to a drop in the operating profit and fair value change of Grand Emperor Hotel in Macau.

Therefore, the Group reported for the Year a loss attributable to equity holders of HK\$1,537.0 million (2008: profit of HK\$1,317.9 million) and loss per share of HK\$0.87 (2008: earnings per share of HK\$0.79).

As at 31st March 2009, the Group's net asset value amounted to HK\$4,792.0 million.

### BUSINESS REVIEW

#### *Property Investment*

Rental income from investment properties has been one of the Group's main income drivers. Rental income derived from investment properties amounted to HK\$292.5 million, approximately 45.2% up from HK\$201.4 million for the same period in 2008.

The Group's investment property portfolio mainly consists of shops and offices in Hong Kong and Macau. The Group had a sustainable overall occupancy rate of nearly 98% for its retail properties as at 31 March, 2009, 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 and Emperor International Square in Kowloon Bay, which was acquired in the early half of the Year. The Group had been receiving stable rental income from the investment properties. It had exerted ongoing effort in upgrading the quality of its properties to enhance the value of its property portfolio and boost the rental income.

## Chairperson's Statement

The Group took the Year to consolidate its property portfolio, while remained cautious amid the market uncertainties. On the other hand, the Group had seized the chance to acquire a number of properties during the property market correction. In addition to the Emperor International Square, the Group had also acquired additional shops in Hong Kong, which are expected to generate stable rental revenue in the long term.

On the investment development front, the Group has a multi-function beach-front leisure and recreation complex in Repulse Bay. The project, which provides a total gross floor area of approximately 166,835 square feet, is virtually completed. The Group has been in negotiation with the Government to clarify whether the Group needs to pay premium for use of the current building and an originating summons has been taken out by the Group to seek clarification from the court. A court hearing is scheduled in Fall 2009. Following resolution of the matter, it is expected that the property will generate long-term rental income for the Group.

In the People's Republic of China (the "PRC"), the Group had an approximately 88,417 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 was in progress during the Year.

### *Property Development*

The Group is optimistic towards the property market in Hong Kong in the long term, where land supply is limited and there is an increasing demand for new flats especially on Hong Kong Island with low completion volume for private residential units in the coming years.

The Group has expanded its site in Des Voeux Road West, Western District from previously 11,833 square feet to 14,061 square feet until mid-June 2009. The site is expected to be developed into a residential development to provide a total gross floor area of approximately 112,000 square feet, capturing the rising demand of high quality, seaview residential units on Hong Kong Island. Demolition had been underway during the Year and the whole project is expected to complete in 2013.

The Group has a redevelopment site at Shing On Street, Sai Wan Ho. This approximately 4,382 square feet site will provide a single residential tower block with a total gross floor area of approximately 44,000 square feet. The Group had started construction during the Year and the project is expected to be completed in 2012.

The Group had also acquired full interest of a site on Java Road, North Point which it previously owned 66%, from its joint venture partner. The Group plans to develop a four-star hotel offering gross floor area of approximately 103,000 square feet. The management saw an increase in demand for hotel rooms in Hong Kong with competitive rates and accessible locations. The Group had commenced construction and the project is expected to be completed in 2012.

The Group acquired a site on Prince Edward Road West in Kowloon during the Year, and planned to develop the 3,319 square feet site into a multi-storey residential/commercial block with a total gross floor area of approximately 29,870 square feet. The development of the Shatin-to-Central Rail Link will substantially increase the locational accessibility of this property. Demolition work will commence later this year and development of the site is to be completed in 2012.



## Chairperson's Statement

In the PRC, the Group has a commercial/residential composite development project underway in Xiamen, known as Emperor Lakeside Metropolis which is expected to be completed within 2009. The Group commenced pre-sale of the residential units during the Year, with 96% of the units being pre-sold as in June 2009.

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

### *Hotel*

The Emperor (Happy Valley) Hotel in Hong Kong had recorded a steady performance within management's expectation during the Year in the midst of the adverse factors of tightening visa controls for Beijing Olympics, change of Hong Kong and Macau Individual Visitation Scheme, and decreasing number of visitors resulted from the financial tsunami. Revenue, which mainly came from the hotel's 150 guest rooms as well as food and beverage from the Chinese restaurant and coffee shop, reached approximately HK\$52.7 million (2008: HK\$70.3 million). The hotel had implemented cost cutting measures and streamlined its operation that resulted in an improved margin during the Year.

The hotel had developed more channels to cooperate with trade parties to boost sales from corporate clients and Internet booking from overseas and PRC. It continued to upgrade its facilities to enhance satisfaction of hotel guests. The hotel has been well received as value for money in the market.

The hotel saw a revenue mix of corporate business and tour groups of 80:20, against 75:25 previously. This revenue mix would render the revenue stream of the hotel more stable and balanced in the long run.

### PROSPECTS

Since the financial tsunami and global credit crunch erupted in September 2008, the property market in Hong Kong was expected to undergo a correction with high volatility. The Group had planned and executed measures to maintain and secure a stable rental income and occupancy of its investment properties. Although the local property market had rebounded since early 2009, being triggered partly by the rally in the stock market and negligible returns from bank deposits, the general property market condition remained uncertain, amid an unstable global financial system and sharp contraction in the global spendings.

Yet, retail properties are seen to be comparatively less affected by the economy as rental is backed by stable property price due to low market supply. In the long term, the Group is positive towards the property and hotel market in Hong Kong, Macau and the PRC. The Group will continue to consolidate and upgrade its property portfolio as well as optimise the tenant mix in order to achieve higher yields from rental income. Backed by stable cashflow and a healthy balance sheet with low gearing, the Group will closely monitor the market development and capture opportunities for replenishing its land bank for redevelopment and development projects in Hong Kong and Mainland China.

For its hotel operation, the Group will keep its market intelligence-oriented strategies to respond to market changes with competitive offers. The Group will also upgrade its room amenities and facilities as well as enhance loyalty privileges and rate discounts to strengthen relationship with its major accounts and customers.

## Chairperson's Statement

Looking ahead, the directors of the Company (the "Directors" or 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.

### CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 31st March, 2009, the total external borrowings (excluding payables) amounted to approximately HK\$4,921.6 million and the Group maintained a debt to total assets ratio of 46.3% (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.

### ASSETS PLEDGED

Assets with carrying value of approximately HK\$6,771 million were pledged as security for banking facilities.

### EMPLOYEES AND REMUNERATION POLICY

The Group's number of employees was approximately 330 (2008: approximately 350) as at 31st March, 2009. Total staff cost (including Directors' emoluments) for the Year were approximately HK\$93.7 million (2008: HK\$116.6 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, no share option had been granted and outstanding share options as at 31st March, 2009 was 37,500,000 share options.

### CORPORATE SOCIAL RESPONSIBILITIES

During the Year, the Group together with Emperor Foundation, had made significant efforts in response to the massive earthquake in Sichuan Province, China. More than HK\$18 million mainly from its affiliated companies, was raised and channelled through the Ministry of Civil Affairs of China, Artistes 512 Fund Raising Campaign, the Liaison Office of the Central People's Government in Hong Kong, Social Workers Across Borders and Operation Concern to the affected areas in Sichuan. The Group's concern for the quake hit victims was later escalated into a friendship tour of nearly 100 volunteering staff, led by Emperor Entertainment Group's artistes Charlene Choi, Gillian Chung, Yumiko Cheng and Don Lee, to Leigu County in September 2008. The tour, jointly staged by Emperor Foundation, Emperor Entertainment Group and Social Workers Across Borders, spent first Mid-Autumn Festival after the earthquake with the local residents.



## Chairperson's Statement

Also in the Mid-Autumn Festival, the Emperor (Happy Valley) Hotel donated over 2,000 moon cakes to the Salvation Army in support of its campaign to send care and concerns to those less fortunate senior citizens.

The hotel also made two other festive donations during the 2009 Chinese New Year. It delivered rice puddings to the terminally ill patients at Bradbury Hospice and birthday buns to some underprivileged senior citizens via Senior Citizen Home Safety Association.

Besides, the Group gave full support to a fund raising ball of Benji's Centre, a charitable organisation that provides speech and language training and assessment for children and teenagers with special needs in November 2008, in the form of cash donations and lucky draw sponsorship. The Group's staff had also participated as volunteers and honorary project management consultants.

The Group also supported the operation of social enterprises. In October 2008, "Leisure and Health Lifehouse", a social enterprise run by the Hong Kong Federation of Trade Unions which provides healthcare services and music training and operates as a health product retailer, had opened in Tsuen Wan Emperor Plaza. The Group had made a donation of HK\$100,000 and offered the office space at a favourable rate.

The Group had also participated in other activities, including "Tree planting challenge", jointly staged with Friends of Earth in May 2008, and "Hike for Hospice" of the Society for the Promotion of Hospice Care in February 2009. The events were well received by the staff.

Subsequent to the year under review, Emperor Foundation had raised RMB1,000,000 as subsidy to the operation expenses of "Hubei Province Hong Kong Emperor Elderly Care Centre" in Wuhan City, Hubei Province, which came into service in 2007 with the Group funding its construction cost. The Group intends to devote more efforts to hospice care and considers this project a long-term commitment as a foundation of its future development in corporate social responsibilities.

The Group was awarded the 5 Consecutive Years Caring Company Logo for the year 2008-2009 by Hong Kong Council of Social Service in recognition of its contribution to society.

## Biographies of Directors and Senior Executives

### NON-EXECUTIVE DIRECTOR (CHAIRPERSON)

**LUK SIU MAN, SEMON**, aged 53, 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 ("EEH") and Emperor Entertainment Group Limited ("EEG"), 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 53, is an associate of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. He is also a director of EEH, EEG, New Media Group Holdings Limited ("New Media") and Emperor Watch & Jewellery Limited ("EWJ"). New Media and EWJ are companies listed on the Main Board of the Stock Exchange. Mr. Wong joined the Company in 1991 and has been responsible for the Group's strategic planning, business growth and development and overseeing the financial management of the Group. Having over 20 years of finance and management experience, Mr. Wong has diversified experience in different businesses ranging from manufacturing to property investment and development, hotel and hospitality, watch and jewellery retailing, entertainment as well as media.

### EXECUTIVE DIRECTOR AND MANAGING DIRECTOR

**FAN MAN SEUNG, VANESSA**, aged 46, is a lawyer by profession in Hong Kong and a qualified accountant. She also holds a Master's Degree in Business Administration. She is also a director of EEH, EEG, New Media and EWJ. Ms. Fan joined the Company in 1990 and has been responsible for the Group's strategic planning, business growth and development and overseeing different operations within the Group. Having over 20 years of corporate management experience, she possesses diversified experience in different businesses including property investment and development, hotel and hospitality, financial and securities operations, watch and jewellery retailing, entertainment as well as media.

### EXECUTIVE DIRECTOR

**CHEUNG PING KEUNG**, aged 53, 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 of 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.

## Biographies of Directors and Senior Executives

### EXECUTIVE DIRECTOR AND COMPANY SECRETARY

**MOK FUNG LIN, IVY** aged 44, 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 EEH. Ms. Mok joined the Company in 1993 as Legal Consultant and was appointed executive director of the Company in February 2000.

### INDEPENDENT NON-EXECUTIVE DIRECTOR

**CHAN MAN HON, ERIC**, aged 52, 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 45, 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. He is also an independent non-executive director of SIM Technology Group Limited, a company listed on the Main Board of the Stock Exchange. In the last three years, Mr. Liu had been a director of Shimao International Holdings Limited which was a company previously listed on the Main Board of the Stock Exchange, the shares of which were withdrawn on 27 July 2007. Mr. Liu joined the Company in September 2004.

### INDEPENDENT NON-EXECUTIVE DIRECTOR

**LAW KA MING, MICHAEL**, aged 48, 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. Mr. Law joined the Company in June 2008.

# Directors' Report

The Board presents its annual report and the audited consolidated financial statements of the Group for the year ended 31st March, 2009 ("Year").

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 46 to the consolidated financial statements.

## RESULTS

The results of the Group for the Year are set out in the consolidated income statement on page 32.

The Directors did not recommend the payment of any final dividend in respect of the Year (2008: HK\$0.062 per share).

## INVESTMENT PROPERTIES

During the Year, the Group acquired investment properties at a cost of approximately HK\$1,294 million.

At 31st March, 2009, the Group revalued all of its investment properties on an open market value basis. The decrease in fair value amounting to approximately HK\$1,586 million has been charged 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 96 to 100.

## PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group acquired property, plant and equipment at a cost of approximately HK\$92 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 pages 35 and 36.

# 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

### 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 hereinafter 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-laws 87(2) and 87(3) of the Company's Bye-laws, Mr. Cheung Ping Keung, Mr. Chan Man Hon, Eric and Mr. Liu Hing Hung 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 initial term commenced 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

At 31st March, 2009, 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 (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the 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/<br>underlying shares | Approximate percentage holding |
|--|---------------------|---|--------------------------------|
| Ms. Luk Siu Man, Semon<br>("Ms. Semon Luk") (Note 1) | Family              | 992,635,364                                     | 55.92%                         |

##### (ii) Share options

| Name of director   | Nature of interests | Number of ordinary shares/<br>underlying shares | Approximate percentage holding |
|--|---------------------|---|--------------------------------|
| Mr. Wong Chi Fai (Note 2)                                  | Beneficial owner    | 15,000,000                                      | 0.84%                          |
| Ms. Fan Man Seung, Vanessa<br>("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%                          |

#### Notes:

- 992,635,364 shares of the Company were held by Charron Holdings Limited ("Charron"). The entire issued share capital of Charron was held by Million Way Holdings Limited ("Million Way") which was wholly-owned by STC International Limited ("STC International"), the trustee of The Albert Yeung Discretionary Trust ("Trust"), which is a discretionary trust set up by Dr. Yeung Sau Shing, Albert ("Dr. Albert Yeung"). Dr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 992,635,364 shares held by Charron. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares.
- The share options were granted to Directors under the share option scheme of the Company.



## Directors' Report

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

#### (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%                                   |
| Ms. Semon Luk    | Million Way (Note 1)                                 | Family   | 1                                       | 100%                                   |
| Ms. Semon Luk    | STC International (Note 1)                           | Family   | 1                                       | 100%                                   |
| Ms. Semon Luk    | Surplus Way Profits Limited ("Surplus Way") (Note 2) | Family   | 1                                       | 100%                                   |
| Ms. Semon Luk    | Emperor Entertainment Group Limited ("EEG") (Note 2) | Family   | 208,484,000                             | 78.65%                                 |
| Ms. Semon Luk    | Emperor Entertainment Hotel Limited ("EEH") (Note 3) | Family   | 439,138,571                             | 43.43%                                 |
| Ms. Semon Luk    | Velba Limited ("Velba") (Note 4)                     | Family   | 1                                       | 100%                                   |
| Ms. Semon Luk    | New Media Group Holdings Limited ("NMG") (Note 4)    | Family   | 450,000,000                             | 75%                                    |
| Ms. Semon Luk    | Allmighty Group Limited ("Allmighty Group") (Note 5) | Family   | 1                                       | 100%                                   |
| Ms. Semon Luk    | Diamond Palace Limited ("Diamond Palace") (Note 5)   | Family   | 1                                       | 100%                                   |
| Ms. Semon Luk    | Emperor Watch & Jewellery Limited ("EWJ") (Note 5)   | Family   | 3,370,480,000                           | 74.9%                                  |

##### (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 6) | EEH (Note 6)                   | Beneficial owner             | 5,000,000                        | 0.49%                          |
| Ms. Vanessa Fan (Note 6)  | EEH (Note 6)                   | Beneficial owner             | 5,000,000                        | 0.49%                          |

## Directors' Report

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

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

##### (ii) *Share options – continued*

###### *Notes:*

1. 992,635,364 shares of the Company were held by Charron. The entire issued share capital of Charron was held by Million Way which was wholly-owned by STC International, the trustee of the Trust, a discretionary trust set up by Dr. Albert Yeung. Dr. Albert Yeung, as founder of the Trust, was deemed to be interested in the share capital of Charron, Million Way and STC International. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a director of the Company, was also deemed to be interested in the said shares.
2. EEG is a company with its shares listed in Hong Kong; 208,484,000 shares of EEG were held by Surplus Way. The entire issued share capital of Surplus Way was held by Million Way which was wholly-owned by STC International, the trustee of the Trust. Dr. Albert Yeung, as founder of the Trust, was deemed to be interested in the share capital of Surplus Way and the 208,484,000 shares in EEG held by Surplus Way. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares.
3. EEH is a company with its shares listed in Hong Kong; 439,138,571 shares of EEH were held by Worthy Strong Investment Limited (“Worthy Strong”) which was indirectly wholly-owned by the Company. 992,635,364 shares of the Company were held by Charron at 31st March, 2009. The entire issued share capital of Charron was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the Trust. Dr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 439,138,571 shares in EEH held by Worthy Strong. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a director of the Company, was also deemed to be interested in the said shares.
4. NMG is a company with its shares listed in Hong Kong; 450,000,000 shares of NMG were held by Velba. The entire issued share capital of Velba was held by Million Way which was in turn wholly-owned by STC International, being the trustee of the Trust. Dr. Albert Yeung, as founder of the Trust, was deemed to be interested in the share capital of Velba and the 450,000,000 shares in NMG held by Velba. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares.
5. EWJ is a company with its shares listed in Hong Kong; 3,370,480,000 shares of EWJ were held by Allmighty Group, a wholly-owned subsidiary of Diamond Palace which in turn was wholly-owned by Million Way. Million Way was held by STC International which is the trustee of the Trust, Dr. Albert Yeung, as the founder of the Trust, was deemed to be interested in the share capital of Allmighty Group and Diamond Palace and the 3,370,480,000 shares in EWJ held by Allmighty Group. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk was also deemed to be interested in the said shares.
6. These were share options granted to Directors under the share option scheme of EEH.

Save as disclosed above, as at 31st March, 2009, 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. Particulars of the Scheme and summary of the number of share options are set out in note 40 to the consolidated financial statements:

A summary of the number of share options outstanding during the year is set out as follows:

| Director              | Date of grant | Exercise period       | Exercise price<br>HK\$ | Number of share options outstanding<br>at 1.4.2008<br>and 31.3.2009 |
|-----------------------|---------------|-----------------------|------------------------|---|
| Mr. Wong Chi Fai      | 11.8.2005     | 11.8.2005 – 10.8.2015 | 1.88                   | 10,000,000  |
|                       | 28.1.2008     | 28.1.2008 – 27.1.2013 | 2.91                   | 5,000,000   |
| Ms. Vanessa Fan       | 11.8.2005     | 11.8.2005 – 10.8.2015 | 1.88                   | 10,000,000  |
|                       | 28.1.2008     | 28.1.2008 – 27.1.2013 | 2.91                   | 5,000,000   |
| Mr. Cheung Ping Keung | 28.1.2008     | 28.1.2008 – 27.1.2013 | 2.91                   | 5,000,000   |
| Ms. Mok Fung Lin, Ivy | 28.1.2008     | 28.1.2008 – 27.1.2013 | 2.91                   | 2,500,000   |
|                       |               |                       |                        | 37,500,000  |

## Directors' Report

### INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31st March, 2009, 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 1)                 | Beneficial owner                        | 992,635,364   | 55.92%                         |
| Million Way (Note 1)             | Trustee                                 | 992,635,364   | 55.92%                         |
| STC International (Note 1)       | Trustee                                 | 992,635,364   | 55.92%                         |
| Dr. Albert Yeung (Note 1)        | Founder of the Trust                    | 992,635,364   | 55.92%                         |
| Penta Investment Advisers Ltd.   | Investment manager                      | 340,104,000   | 19.16%                         |
| John Zwaanstra                   | Interest in a controlled corporation    | 340,104,000   | 19.16%                         |
| Penta Asia Long/Short Fund, Ltd. | Beneficial owner                        | 126,294,000   | 7.11%                          |
| UBS AG                           | Beneficial owner                        | 209,943,351   | 11.83%                         |
| Mercurius GP LLC                 | Founder of the Mercurius Partners Trust | 149,818,000   | 8.44%                          |
| Penta Asia Fund, Ltd.            | Interest in a controlled corporation    | 149,818,000   | 8.44%                          |
| Todd Zwaanstra                   | Trustee of Mercurius Partners Trust     | 149,818,000   | 8.44%                          |
| Desmarais Paul G.                | Interest in a controlled corporation    | 141,846,000   | 7.99%                          |
| 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%                          |

#### Note 1:

992,635,364 shares of the Company were held by Charron. The entire issued share capital of Charron was held by Million Way which was wholly-owned by STC International, the trustee of the Trust, a discretionary trust set up by Dr. Albert Yeung. Dr. Albert Yeung, as founder of the Trust, was deemed to be interested in the 992,635,364 shares held by Charron.

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

Save as disclosed above, as at 31st March, 2009, 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' Report

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31st March, 2009, 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:

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

Save as disclosed above, as at 31st March, 2009, 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' 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:

On 25 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\$28,297,000. The major assets of Ever Resources is a commercial property held through one of its subsidiaries. Global Food and Ever Resources were indirectly wholly-owned by the Trust.

On 16 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\$164,505,000. The subsidiary of Genuine Gold Limited was principally engaged in the business of property investment and its major asset is a commercial property. Multifold Group Limited was a wholly-owned subsidiary of Allmighty Group Limited, which was then owned as to 72% indirectly by the Trust.

Dr. Albert Yeung is the founder of the Trust, a deemed substantial shareholder of the Company, and was deemed to be interested in the above transactions. By virtue of being the spouse of Dr. Albert Yeung, Ms. Semon Luk, a director of the Company, was deemed to be interested in the said transactions.

## 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<br>31st March, 2009<br>HK\$'000 |
| (a) Emperor Connection Limited ( <i>note 1</i> )                 | Car parks rentals received       | Lease can be terminated by either party giving one month's written notice | 84   |
|  | Operating lease rentals received | 8th September, 2007 to 31st March, 2011                                   | 3,987  |
| (b) Golden Finder Limited ( <i>note 1</i> )                      | Operating lease rental received  | 1st February, 2009 to 31st January, 2011                                  | 63   |
| (c) Strong Time Investment Limited ( <i>note 2</i> )             | Operating lease rentals received | 1st April, 2008 to 30th November, 2011                                    | 5,112  |
| (d) Emperor Bullion Investments (Asia) Limited ( <i>note 2</i> ) | Operating lease rentals received | 10th April, 2007 to 31st March, 2011                                      | 3,111  |
| (e) Beauty Royal Limited ( <i>note 3</i> )                       | Operating lease rental received  | 16th July, 2006 to 30th April, 2011                                       | 41,978   |
| (f) Emperor Securities Limited ( <i>note 4</i> )                 | Operating lease rental received  | 1st April, 2008 to 31st March, 2011                                       | 362  |
| (g) Profit Broad Development Limited ( <i>note 4</i> )           | Operating lease rental received  | 10th December, 2008 to 31st March, 2011                                   | 1,568  |
| (h) Famous Winner Holdings Limited ( <i>note 4</i> )             | Operating lease rental received  | 15th September, 2007 to 14th September, 2009                              | 432  |
| (i) Hong Kong Daily News, Limited ( <i>note 5</i> )              | Operating lease rental received  | 1st April, 2008 to 31st March, 2010                                       | 3,600  |
| (j) Global Food Culture Trading Limited ( <i>note 5</i> )        | Operating lease rental received  | 1st May, 2007 to 31st March, 2011   | 1,350  |
| (k) King Success Corporation Limited ( <i>note 5</i> )           | Operating lease rental received  | 1st April, 2008 to 6th November, 2008                                     | 1,586  |
| (l) Ulferts of Sweden (Far East) Limited ( <i>note 5</i> )       | Operating lease rental received  | 16th May, 2007 to 31st March, 2012  | 11,396   |
|  | Management fees received         | 1st April, 2009 to 31st May, 2012   | 1,056  |

Remarks: All of the above operation lease rental received were exclusive of rates, management fees and other outgoing charges.



# Directors' Report

## CONTINUING CONNECTED TRANSACTIONS – continued

### Notes:

- (1) Emperor Connection Limited and Golden Finder Limited were indirect wholly-owned subsidiaries of EEG. EEG is a company with its shares listed in Hong Kong which was indirectly owned as to 78.65% by the Trust (the founder of which is Dr. Albert Yeung who is the spouse of Ms. Semon Luk, a director of the Company), a deemed substantial shareholder of the Company.
- (2) Strong Time Investments Limited and Emperor Bullion Investments (Asia) Limited were indirectly wholly-owned 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 approximately 74.9% by the Trust, a deemed substantial shareholder of the Company.
- (4) Emperor Securities Limited and Profit Broad Development Limited were indirectly owned as to 45.09% by the Trust, a deemed substantial shareholder of the Company. Famous Winner Holdings Limited was indirectly owned as to 45.09% by the Trust up to 23 May 2008.
- (5) Hong Kong Daily News, Limited, Global Food Culture Trading Limited, King Success Corporation Limited and Ulferts of Sweden (Far East) Limited were companies indirectly controlled by the Trust, a deemed substantial shareholder of the Company.

The above transactions constitute continuing connected transactions for the Company under Rule 14A.34 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and are subject to reporting and announcement requirements but are exempted from independent shareholders approval requirements set out in Rule 14A.45 to 14A.48 of the Listing Rules whereas certain transactions under the above items (e) and (l) were not exempted from independent shareholders approval requirements as set out in the Listing Rules and that the transactions were approved by the independent shareholders of the Company in the special general meeting held on 23rd June, 2008, details of which were set out in the Company's circular dated 6th June, 2008.

The Directors of the Company engaged the auditor of the Company to perform certain agreed-upon procedures in respect of continuing connected transactions of the Group. The procedures, where applicable, 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, 2009:

- (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, 2009 disclosed in previous announcements; and
- (d) are in accordance with the pricing policies of the Group if the transactions involve provision of goods or services by the Group.

## Directors' Report

### CONTINUING CONNECTED TRANSACTIONS – continued

The independent non-executive Directors have reviewed the continuing connected transactions and the report of the auditor and have confirmed that the transactions have been entered into by the Group in the ordinary course of its business, on normal commercial terms, and in accordance with the terms of the agreement governing such transactions and that these 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.

### 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, 2009 represented the aggregate of contributed surplus and accumulated profits amounting to HK\$3,017,115,000 (2008: HK\$1,106,755,000).

# Directors' Report

## DONATIONS

During the year, the Group made charitable donations amounting to approximately HK\$675,000.

## MAJOR SUPPLIERS AND CUSTOMERS

During the year, the aggregate amount of turnover attributable to the Group's five largest customers represented 13% of the Group's total turnover. The largest customer accounted for 3% 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 41% of the Group's total purchases and services received. The largest supplier accounted for 35% 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 pages 23 to 29.

## 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.

## AUDITOR

A resolution will be submitted to the forthcoming annual general meeting of the Company to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

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

Hong Kong  
24th June, 2009

# Corporate Governance Report

The Board of Directors of the Company (the “Board” or “Directors”) is committed to maintaining a high standard of corporate governance for the Company within a sensible framework. 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 2009.

## THE BOARD

### Board composition

The Board is responsible for the leadership, control and promotion of the success of the Group by directing and supervising its business operations in the interests of the shareholders and by formulating strategic directions and monitoring the financial and management performance of the Group.

As at 31st March, 2009, 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 9 to 10 of this report under the “Biographies of Directors and Senior Executives” Section.

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.

### 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 for setting 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 all Board members work effectively and discharge their 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.

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.

# Corporate Governance Report

## Independent Non-executive Directors

The Independent Non-executive Directors are all professionals with valuable experience and expertise in legal, accounting, corporate management in business areas who would contribute impartial view and make independent judgment on issues to be discussed at Board meetings. Each of them is appointed for an initial term of one year up to 31 December 2009 (the initial term of Mr. Law Ka Ming was started from 25th June, 2008) and shall continue thereafter on a yearly basis subject to early termination with written notice served by either party.

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 twelve Board meetings during the year ended 31st March, 2009 with the attendance by each Director as follows:

| Name of director                           | Meetings attended/<br>No. of Board meeting | Attendance<br>rate |
|--|--|--------------------|
| <b>Non-executive Directors</b>             |  |                    |
| Luk Siu Man, Semon ( <i>Chairperson</i> )  | 12/12                                      | 100%               |
| <b>Executive Directors</b>                 |  |                    |
| Wong Chi Fai                               | 12/12                                      | 100%               |
| Fan Man Seung, Vanessa                     | 12/12                                      | 100%               |
| Cheung Ping Keung                          | 12/12                                      | 100%               |
| Mok Fung Lin, Ivy                          | 12/12                                      | 100%               |
| <b>Independent Non-executive Directors</b> |  |                    |
| Chan Man Hon, Eric                         | 12/12                                      | 100%               |
| Liu Hing Hung                              | 12/12                                      | 100%               |
| Law Ka Ming, Michael                       | 8/8  | 100%               |

Board meeting notice was sent to the Directors at least 14 days prior to regular Board meetings. 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.

There is a procedure agreed by the Board to ensure Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses.

# Corporate Governance Report

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the Director will abstain from voting on the relevant board resolution in which he/she or any of his/her associates have a material interest and that he/she shall not be counted in the quorum present at the board meeting.

## 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 Company has not established any nomination 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 the members of these two Committees. Details of these two Committees are set out below:

### 1. Audit Committee

The Audit Committee consists of three Independent Non-executive Directors, namely Messrs. Chan Man Hon, Eric (Chairman of the 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. 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 specific written terms of reference of the Audit Committee, which was re-adopted by the Board on 24th March, 2009 in light of the relevant amendments to the Listing Rules, are available at the Company's website.

The Audit Committee convened three meetings during the year ended 31st March, 2009 with the attendance of each committee member as follows:

| <b>Name of director</b> | <b>Meetings attended/<br/>No. of Board meeting</b> | <b>Attendance<br/>rate</b> |
|-------------------------|--|----------------------------|
| Chan Man Hon, Eric      | 3/3  | 100%                       |
| Liu Hing Hung           | 3/3  | 100%                       |
| Law Ka Ming, Michael    | 3/3  | 100%                       |



# Corporate Governance Report

A summary of the work performed by the Audit Committee during the financial year ended 31st March, 2009 is set out below:

- i. reviewed with the finance-in-charge 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, 2008 and for the six-months ended 30th September, 2008 respectively;
- ii. reviewed with finance-in-charge the effectiveness of the internal control system of the Group;
- iii. reviewed the external auditor's independence and the effectiveness of the audit process;
- iv. approved the audit fee for the financial year 2007-2008 and recommended the Board on the re-appointment of external auditor;
- v. met with the external auditor and reviewed their work and findings relating to the annual audit for the year ended 31st March 2008;
- vi. annual review of the non-exempt continuing connected transactions; and
- vii. reviewed with the external auditor and finance-in-charge of the audit plans for the financial year ended 31st March, 2009 and authorized the management to negotiate with the auditor on the audit fee;
- viii. reviewed with the external auditor the impact to the Group in respect of the amendments to the accounting principles and standards and the development of corporate governance;
- ix. recommended the Board to adopt the revised terms of reference of the Audit Committee.

## 2. Remuneration Committee

The Remuneration Committee consists of three members, namely Mr. Wong Chi Fai (Chairman of the Committee) being the Managing Director, Mr. Liu Hing Hung and Mr. Law Ka Ming, Michael, both being Independent Non-executive Directors. The primary duties of the Remuneration Committee are making recommendation to the Board on Company's policy and structure for all remuneration of Directors and senior management and determining specific remuneration packages of all Executive Directors and senior management. Details of the remuneration of each of the Directors for the year ended 31st March, 2009 are set out in note 13 to the consolidated financial statements. The specific written terms of reference of the Remuneration Committee are available at the Company's website.

# Corporate Governance Report

The Remuneration Committee convened one meeting during the year ended 31st March, 2009 with the attendance by each committee member as follows:

| <b>Name of director</b> | <b>Meetings attended/<br/>No. of Board meeting</b> | <b>Attendance<br/>rate</b> |
|-------------------------|--|----------------------------|
| Wong Chi Fai            | 1/1  | 100%                       |
| Liu Hing Hung           | 1/1  | 100%                       |
| Law Ka Ming, Michael    | 1/1  | 100%                       |

A summary of the work performed by the Remuneration Committee during the year ended 31st March, 2009 is set out as follows:

- i. determined the policy for the remuneration of Executive Directors and made recommendation to the Board to adopt a written remuneration policy; and
- ii. assessed the performance of Executive Directors and reviewed the remuneration structure/package of the Directors and made recommendation to the Board on the Directors' remuneration.

## Emolument Policy

The Company has adopted a written remuneration policy to ensure that there is a clear link to business strategy and a close alignment with shareholders' interest and current best practice, and aims to ensure that the Directors are rewarded fairly for their respective individual contributions to the Group's performance.

No individual should determine his or her own remuneration. Independent Non-executive Directors are paid fees in line with market practice. 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. Remuneration package includes basic salaries, director's fee, ad hoc rewards, performance related incentive payment, share-based payments and other benefits. Particulars of the share option scheme of the Company and number of share options granted to the Directors of the company are set out in note 40 to the consolidated financial statements.

## Directors' securities transactions

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Appendix 10 of the Listing Rules. 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 its code of conduct regarding securities transactions throughout the year ended 31st March, 2009.

# Corporate Governance Report

## ACCOUNTABILITY AND AUDIT

### Financial Reporting

The Directors acknowledge their responsibilities to present a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. They also acknowledge their responsibilities for preparing the financial statements of the Group which should give a true and fair view of the Group's state of affairs, results and cash flows for the year. The auditor of the Company has made a statement about their reporting responsibilities in the Independent Auditor's Report. Management has provided such explanation and information to the Board to enable it to make an informed assessment of the financial and other information put before the Board for decisions. The Directors believed that they have selected suitable accounting policies and applied them consistently, made judgment and estimates that are prudent and reasonable and ensured the financial statements are prepared on a "going concern" basis.

### 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, 2009, the Board had conducted a review of the effectiveness of the system of internal control of the Company and its subsidiaries. It 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.

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.

The Board has also reviewed the adequacy of resources, qualifications and experience of staff for the Company's accounting and financial reporting function and their training programmes and budget. The Audit Committee has made recommendation to the Board that the management has discharged its duty to have an effective internal controls system.

# 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 Company's website at [www.emp163.com](http://www.emp163.com).

The chairperson of the annual general meeting, the chairman/duly appointed delegate of each of the Audit Committee and the Remuneration Committee were available at the last annual general meeting held on 28th August, 2008 to answer questions from the shareholders.

The forthcoming annual general meeting of the Company will be held on 3rd September, 2009 which will be conducted by way of poll.

## AUDITOR'S INDEPENDENCE AND REMUNERATION

The Audit Committee is mandated to monitor the independence of the external auditor to ensure true objectivity in the financial statements. Members of the Committee are of the view that the Company's auditor, Deloitte Touche Tohmatsu are independent and recommended to the Board to re-appoint it as the Company's external auditor at the forthcoming annual general meeting.

During the year under review, Deloitte Touche Tohmatsu has rendered audit services and certain non-audit services to the Company and the remuneration payable/paid to it by the Company is set out as follows:

| <b>Service rendered</b> | <b>Fees paid/payable</b><br>HK\$'000 |
|-------------------------|--------------------------------------|
| Audit services          | 2,667                                |
| Non-audit services      | –                                    |

# Independent Auditor's Report

# Deloitte.

# 德勤

## 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 32 to 94, which comprise the consolidated balance sheet as at 31st March, 2009, 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, 2009 and of the Group's loss 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

24th June, 2009



# Consolidated Income Statement

For the year ended 31st March, 2009

|  | Notes | 2009<br>HK\$'000   | 2008<br>HK\$'000 |
|--|-------|--------------------|------------------|
| Continuing operations  |       |                    |                  |
| Turnover   | 7     | <b>348,170</b>     | 1,765,213        |
| Cost of sales  |       | <b>(9,074)</b>     | (909,839)        |
| Direct operating expenses  |       | <b>(35,560)</b>    | (37,098)         |
| Gross profit   |       | <b>303,536</b>     | 818,276          |
| Other income   | 9     | <b>10,582</b>      | 17,588           |
| Fair value change in investment properties                                     |       | <b>(1,586,109)</b> | 743,945          |
| Impairment losses, net   | 10    | <b>(172,120)</b>   | (10,131)         |
| Selling and marketing expenses   |       | <b>(11,690)</b>    | (22,614)         |
| Administrative expenses  |       | <b>(117,416)</b>   | (116,905)        |
| Write back of allowance for doubtful debts of trade and other receivables, net |       | <b>197</b>         | 577              |
| Finance costs  | 11    | <b>(122,932)</b>   | (137,705)        |
| Share of results of associates   |       | <b>12,621</b>      | 88,391           |
| Discount on acquisition of additional interest in an associate                 |       | –                  | 39,634           |
| Gain on disposal of subsidiaries   | 42    | –                  | 3,777            |
| Gain on disposal of investment properties                                      |       | –                  | 20,931           |
| (Loss) profit before taxation  | 12    | <b>(1,683,331)</b> | 1,445,764        |
| Taxation credit (charge)   | 14    | <b>145,915</b>     | (129,663)        |
| (Loss) profit for the year from continuing operations                          |       | <b>(1,537,416)</b> | 1,316,101        |
| Profit for the year from discontinued operations                               | 15    | –                  | 1,664            |
| (Loss) profit for the year   |       | <b>(1,537,416)</b> | <b>1,317,765</b> |
| Attributable to:   |       |                    |                  |
| Equity holders of the Company  |       | <b>(1,536,985)</b> | 1,317,917        |
| Minority interests   |       | <b>(431)</b>       | (152)            |
|  |       | <b>(1,537,416)</b> | <b>1,317,765</b> |
| Dividends  | 16    |                    |                  |
| – Interim paid   |       | –                  | 71,010           |
| – Final paid   |       | <b>110,065</b>     | 106,515          |
|  |       | <b>110,065</b>     | <b>177,525</b>   |
| – Final proposed   |       | –                  | <b>110,065</b>   |
| (Loss) earnings per share  | 17    |                    |                  |
| From continuing and discontinued operations                                    |       |                    |                  |
| Basic  |       | <b>(HK\$0.87)</b>  | HK\$0.79         |
| Diluted  |       | <b>N/A</b>         | HK\$0.79         |
| From continuing operations   |       |                    |                  |
| Basic  |       | <b>(HK\$0.87)</b>  | HK\$0.79         |
| Diluted  |       | <b>N/A</b>         | HK\$0.79         |

# Consolidated Balance Sheet

At 31st March, 2009

|  | Notes | 2009<br>HK\$'000   | 2008<br>HK\$'000 |
|--|-------|--------------------|------------------|
| <b>Non-current assets</b>  |       |                    |                  |
| Investment properties  | 18    | <b>6,180,610</b>   | 6,673,676        |
| Property, plant and equipment  | 19    | <b>293,298</b>     | 226,704          |
| Properties under development   | 20    | <b>831,914</b>     | 644,878          |
| Deposits paid for acquisition of investment properties/<br>properties, plant and equipment |       | <b>32,830</b>      | 91,891           |
| Prepaid lease payments   | 21    | <b>734,067</b>     | 671,834          |
| Interests in associates  | 22    | <b>800,462</b>     | 798,803          |
| Amount due from an associate   | 23    | <b>2,645</b>       | 2,645            |
| Pledged bank deposit   | 32    | <b>220,934</b>     | 271,229          |
| Loans receivable   | 24    | <b>1,862</b>       | 1,940            |
| Goodwill   | 25    | <b>1,940</b>       | 1,940            |
| Other assets   | 26    | <b>4,442</b>       | 4,442            |
|  |       | <b>9,105,004</b>   | 9,389,982        |
| <b>Current assets</b>  |       |                    |                  |
| Inventories  | 27    | <b>543</b>         | 619              |
| Properties held for sale   | 28    | <b>27,055</b>      | 26,714           |
| Properties under development   | 29    | <b>1,019,476</b>   | 788,742          |
| Prepaid lease payments   | 21    | <b>14,550</b>      | 12,825           |
| Debtors, deposits and prepayments  | 30    | <b>140,295</b>     | 107,752          |
| Investments in trading securities  | 31    | <b>90</b>          | 161              |
| Taxation recoverable   |       | <b>10,293</b>      | 200              |
| Pledged bank deposits  | 32    | –                  | 419,963          |
| Bank balances and cash   | 33    | <b>322,761</b>     | 173,888          |
|  |       | <b>1,535,063</b>   | 1,530,864        |
| <b>Current liabilities</b>   |       |                    |                  |
| Creditors, customers' deposits and accrued charges   | 34    | <b>748,905</b>     | 365,357          |
| Amount due to a major shareholder  | 35    | –                  | 1,575,510        |
| Amount due to a related company  | 35    | <b>1,880,980</b>   | –                |
| Amount due to an associate   | 23    | <b>3</b>           | 298              |
| Amounts due to minority shareholders of subsidiaries                                       | 36    | <b>19,504</b>      | 19,504           |
| Taxation payable   |       | <b>4,320</b>       | 3,212            |
| Secured bank borrowings – due within one year  | 37    | <b>1,226,529</b>   | 915,674          |
|  |       | <b>3,880,241</b>   | 2,879,555        |
| <b>Net current liabilities</b>   |       | <b>(2,345,178)</b> | (1,348,691)      |
| <b>Total assets less current liabilities</b>   |       | <b>6,759,826</b>   | 8,041,291        |

# Consolidated Balance Sheet

At 31st March, 2009

|   | Notes | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|---|-------|------------------|------------------|
| Non-current liabilities                                     |       |                  |                  |
| Secured bank borrowings – due after one year                | 37    | <b>1,794,586</b> | 1,316,762        |
| Deferred taxation   | 38    | <b>173,274</b>   | 324,036          |
|   |       | <b>1,967,860</b> | 1,640,798        |
|   |       | <b>4,791,966</b> | 6,400,493        |
| Capital and reserves  |       |                  |                  |
| Share capital   | 39    | <b>17,752</b>    | 17,752           |
| Reserves  |       | <b>4,774,512</b> | 6,382,671        |
| Equity attributable to the<br>equity holders of the Company |       | <b>4,792,264</b> | 6,400,423        |
| Minority interests  |       | <b>(298)</b>     | 70               |
|   |       | <b>4,791,966</b> | 6,400,493        |

The consolidated financial statements on pages 32 to 94 were approved and authorised for issue by the Board of Directors on 24th June, 2009 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, 2009

|   | 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, 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  | -             | -             | -                   | -                    | -                         | -             | (106,515)           | -                   | (106,515)  | -                  | (106,515) |
| - final dividend for 2007   | -             | -             | -                   | -                    | -                         | -             | (71,010)            | -                   | (71,010)   | -                  | (71,010)  |
| - interim dividend for 2008   | -             | -             | -                   | -                    | -                         | -             | -                   | -                   | -  | -                  | -         |
| 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 |

# Consolidated Statement of Changes in Equity

For the year ended 31st March, 2009

|   | 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, 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   |
| Share of reserve of an associate  | -             | -             | 2,922               | -                    | 3,682                     | -             | -                   | -                   | 6,604  | -                  | 6,604       |
| Exchange difference arising on translation of foreign subsidiaries                                      | -             | -             | 31,600              | -                    | -                         | -             | -                   | -                   | 31,600   | 46                 | 31,646      |
| Reversal of deferred taxation liabilities arising from depreciation attributable to revaluation surplus | -             | -             | -                   | -                    | 174                       | -             | -                   | -                   | 174  | -                  | 174         |
| Effect of change in tax rate  | -             | -             | -                   | -                    | 455                       | -             | -                   | -                   | 455  | -                  | 455         |
| Net income recognised directly in equity  | -             | -             | 34,522              | -                    | 4,311                     | -             | -                   | -                   | 38,833   | 46                 | 38,879      |
| Loss for the year   | -             | -             | -                   | -                    | -                         | -             | -                   | (1,536,985)         | (1,536,985)  | (431)              | (1,537,416) |
| Total recognised income and expense for the year  | -             | -             | 34,522              | -                    | 4,311                     | -             | -                   | (1,536,985)         | (1,498,152)  | (385)              | (1,498,537) |
| Reserve released upon deregistration of a subsidiary  | -             | -             | -                   | -                    | -                         | -             | 58                  | -                   | 58   | -                  | 58          |
| Depreciation attributable to revaluation surplus  | -             | -             | -                   | -                    | (1,056)                   | -             | -                   | 1,056               | -  | -                  | -           |
| Deemed acquisition of additional interest in a subsidiary   | -             | -             | -                   | -                    | -                         | -             | -                   | -                   | -  | 17                 | 17          |
| Dividend paid – final dividend for 2008   | -             | -             | -                   | -                    | -                         | -             | (110,065)           | -                   | (110,065)  | -                  | (110,065)   |
| At 31st March, 2009   | 17,752        | 2,761,028     | 85,738              | 20,987               | 105,368                   | 110           | 416,327             | 1,384,954           | 4,792,264  | (298)              | 4,791,966   |

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, 2009

|  | 2009<br>HK\$'000   | 2008<br>HK\$'000 |
|--|--------------------|------------------|
| Cash flows from operating activities   |                    |                  |
| (Loss) profit before taxation  |                    |                  |
| Continuing operations  | <b>(1,683,331)</b> | 1,445,764        |
| Discontinued operations  | –                  | 1,664            |
|  | <b>(1,683,331)</b> | 1,447,428        |
| Adjustments for:   |                    |                  |
| Discount on acquisition of additional interest in an associate                 | –                  | (39,634)         |
| Loss on disposal of intangible assets  | –                  | 23               |
| Gain on disposal of investment properties                                      | –                  | (20,931)         |
| Loss (gain) on disposal of subsidiaries  | <b>58</b>          | (3,777)          |
| Loss (discount) on deemed acquisition of additional interest in a subsidiary   | <b>17</b>          | (432)            |
| Interest income  | <b>(2,734)</b>     | (5,230)          |
| Interest expenses on bank and other borrowings                                 | <b>122,932</b>     | 138,130          |
| Release of prepaid lease payments  | <b>4,772</b>       | 5,430            |
| Share based payment expense  | –                  | 14,957           |
| Depreciation   | <b>25,234</b>      | 20,291           |
| Share of results of associates   | <b>(12,621)</b>    | (88,391)         |
| (Gain) loss on disposal of property, plant and equipment                       | <b>(2)</b>         | 3,136            |
| Impairment losses, net   | <b>172,120</b>     | 10,131           |
| Change in fair value of trading securities                                     | <b>71</b>          | (22)             |
| Change in fair value of investment properties                                  | <b>1,586,109</b>   | (743,945)        |
| Write back of allowance for doubtful debts of trade and other receivables, net | <b>(197)</b>       | (577)            |
| Operating cash flows before movements in working capital                       | <b>212,428</b>     | 736,587          |
| Decrease in inventories  | <b>76</b>          | 577              |
| (Increase) decrease in properties under development                            | <b>(287,926)</b>   | 648,726          |
| Decrease in properties held for sale   | –                  | 15,509           |
| Increase in debtors, deposits and prepayments                                  | <b>(32,346)</b>    | (344,262)        |
| Increase in creditors, customers' deposits and accrued charges                 | <b>384,211</b>     | 21,394           |
| Decrease in amount due to an associate   | <b>(295)</b>       | –                |
| Net cash generated from operations   | <b>276,148</b>     | 1,078,531        |
| Interest received from bank deposits and other receivables                     | <b>2,734</b>       | 3,558            |
| Hong Kong Profits Tax refunded   | <b>129</b>         | 288              |
| Hong Kong Profits Tax paid   | <b>(4,118)</b>     | –                |
| PRC Enterprise Income Tax paid   | <b>(9,877)</b>     | –                |
| Net cash generated from operating activities                                   | <b>265,016</b>     | 1,082,377        |

# Consolidated Cash Flow Statement

For the year ended 31st March, 2009

|  | Notes | 2009<br>HK\$'000 | 2008<br>HK\$'000   |
|--|-------|------------------|--------------------|
| Cash flows from investing activities   |       |                  |                    |
| Purchase of investment properties  |       | (1,211,957)      | (2,023,368)        |
| Prepaid lease payments paid  |       | (191,719)        | –                  |
| Additional costs incurred on properties under development                              |       | (87,998)         | (193,463)          |
| Purchase of property, plant and equipment  |       | (81,867)         | (56,718)           |
| Deposits made on acquisition of investment properties/ properties, plant and equipment |       | (32,830)         | (91,891)           |
| Decrease (increase) in pledged bank deposits   |       | 470,258          | (672,372)          |
| Proceeds from disposal of investment properties  |       | 147,300          | 194,631            |
| Dividend received from an associate  |       | 17,566           | 63,994             |
| Decrease in loans receivable   |       | 78               | 4,729              |
| Proceeds from disposal of property, plant and equipment                                |       | 18               | –                  |
| Repayment from associates  |       | –                | 36,370             |
| Increase in bank balances – (client's segregated accounts)                             |       | –                | (28,930)           |
| Acquisition of additional interests in an associate                                    |       | –                | (18,720)           |
| Proceeds from disposal of subsidiaries (net of cash and cash equivalent disposed of)   | 42    | –                | 92,943             |
| Interest received from loans receivable from associates                                |       | –                | 1,672              |
| Decrease in other assets   |       | –                | 100                |
| Net cash used in investing activities  |       | <u>(971,151)</u> | <u>(2,691,023)</u> |
| Cash flows from financing activities   |       |                  |                    |
| New bank loans raised  |       | 5,777,000        | 5,474,289          |
| Advance from a related company   |       | 305,470          | –                  |
| Repayment of bank loans  |       | (4,984,927)      | (4,946,681)        |
| Interest on bank and other borrowings paid   |       | (126,804)        | (141,011)          |
| Dividends paid   |       | (110,065)        | (177,525)          |
| Advance from a major shareholder   |       | –                | 939,583            |
| Proceeds from issue of shares  |       | –                | 607,658            |
| Dividend distribution in specie  | 15    | –                | (102,334)          |
| Expenses incurred in connection with the issue of shares                               |       | –                | (18,893)           |
| Repayment to minority shareholders of subsidiaries                                     |       | –                | (1,536)            |
| Net cash generated from financing activities   |       | <u>860,674</u>   | <u>1,633,550</u>   |
| Net increase in cash and cash equivalents  |       | 154,539          | 24,904             |
| Cash and cash equivalents at beginning of the year                                     |       | 160,709          | 130,434            |
| Effect of exchange rate changes  |       | 7,513            | 5,371              |
| Cash and cash equivalents at end of the year   |       | <u>322,761</u>   | <u>160,709</u>     |
| Analysis of balance of cash and cash equivalents                                       |       |                  |                    |
| Bank balances and cash   |       | 322,761          | 173,888            |
| Bank overdrafts  |       | –                | (13,179)           |
|  |       | <u>322,761</u>   | <u>160,709</u>     |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 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 its subsidiaries are set out in note 46 to the consolidated financial statements.

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

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") which are or have become effective.

|                                   |   |
|-----------------------------------|---|
| HKAS 39 & HKFRS 7<br>(Amendments) | Reclassification of financial assets  |
| HK(IFRIC)* – INT 12               | Service concession arrangements   |
| HK(IFRIC) – INT 14                | HKAS 19 – The limit on a defined benefit asset,<br>minimum funding requirements and their interaction |

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

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

|   |   |
|---|---|
| HKFRSs (Amendments)                         | Improvements to HKFRSs <sup>1</sup>   |
| HKFRSs (Amendments)                         | Improvements to HKFRSs 2009 <sup>2</sup>  |
| HKAS 1 (Revised)                            | Presentation of financial statements <sup>3</sup>   |
| HKAS 23 (Revised)                           | Borrowing costs <sup>3</sup>  |
| HKAS 27 (Revised)                           | Consolidated and separate financial statements <sup>4</sup>                                   |
| HKAS 32 & 1 (Amendments)                    | Puttable financial instruments and obligations arising<br>on liquidation <sup>3</sup>         |
| HKAS 39 (Amendment)                         | Eligible hedged items <sup>4</sup>  |
| HKFRS 1 & HKAS 27<br>(Amendments)           | Cost of an investment in a subsidiary, jointly controlled<br>entity or associate <sup>3</sup> |
| HKFRS 2 (Amendment)                         | Vesting conditions and cancellations <sup>3</sup>   |
| HKFRS 3 (Revised)                           | Business combinations <sup>4</sup>  |
| HKFRS 7 (Amendment)                         | Improving disclosures about financial instruments <sup>3</sup>                                |
| HKFRS 8                                     | Operating segments <sup>3</sup>   |
| HK(IFRIC) – INT 9 & HKAS 39<br>(Amendments) | Embedded derivatives <sup>5</sup>   |
| HK(IFRIC) – INT 13                          | Customer loyalty programmes <sup>6</sup>  |
| HK(IFRIC) – INT 15                          | Agreements for the construction of real estate <sup>3</sup>                                   |
| HK(IFRIC) – INT 16                          | Hedges of a net investment in a foreign operation <sup>7</sup>                                |
| HK(IFRIC) – INT 17                          | Distributions of non-cash assets to owners <sup>4</sup>                                       |
| HK(IFRIC) – INT 18                          | Transfers of assets from customers <sup>8</sup>   |



# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

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

- 1 Effective for annual periods beginning on or after 1st January, 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1st July, 2009.
  - 2 Effective for annual periods beginning on or after 1st January, 2009, 1st July, 2009 and 1st January, 2010, as appropriate.
  - 3 Effective for annual periods beginning on or after 1st January, 2009.
  - 4 Effective for annual periods beginning on or after 1st July, 2009.
  - 5 Effective for annual periods ending on or after 30th June, 2009.
  - 6 Effective for annual periods beginning on or after 1st July, 2008.
  - 7 Effective for annual periods beginning on or after 1st October, 2008.
  - 8 Effective for transfers on or after 1st July, 2009.
- \* IFRIC represents the International Financial Reporting Interpretations Committee.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting treatment for business combination for which the acquisition date is on or after 1st April, 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

The application of the amendment to HKAS 40 "Investment Property" included in improvements to HKFRS will affect the accounting for property under construction or development for future use as an investment property of the Group. The amendment to HKAS 40 brings such property within the scope of HKAS 40 which, therefore, shall be accounted for under the fair value model in accordance with the Group's accounting policy. Such property is currently accounted for at cost less impairment in accordance with HKAS 16 "Property, Plant and Equipment". The amendment is to be applied prospectively and is effective for the Group's financial year beginning 1st April, 2009.

The application of HK(IFRIC) – INT 17 "Distribution of Non-cash Assets to Owners" requires an entity to measure a liability to distribute non-cash assets as a dividend to its owners at the fair value of the assets to be distributed. HK(IFRIC) – INT 17 is to be applied prospectively and is effective for the Group's financial year beginning 1st April, 2010.

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 financial position of the Group.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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.

### 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 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.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Goodwill – continued

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

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 unit, the attributable amount of goodwill capitalised is included in the determination of the amount of profit or loss on disposal.

### 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, 2009

## 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%  |
| 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. Transfer of asset revaluation reserve to accumulated profits is made in relation to: (i) the subsequent sale or retirement of a revalued asset; (ii) the excess of the depreciation based on the revalued amount of the asset over depreciation based on the asset's original cost.

### Property under development

Property under development being constructed or developed for future use as owner-occupied property or rental purpose 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.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

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.

### 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.

### 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.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Impairment of assets (other than goodwill) – continued

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.

### 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 in the ordinary course of business is included in current assets and 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, 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Leasing – continued

#### *Leasehold land and building*

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases except for those that are classified and accounted for as investment properties under the fair value model.

#### 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 two categories, including financial assets at fair value through profit or loss ("FVTPL") and loans and receivables. 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 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.

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

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

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Financial instruments – continued

#### *Financial assets – continued*

#### Financial assets at fair value through profit or loss – continued

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future;
- 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 amount due from an associate, loans receivable, debtors and other receivables, pledged bank deposits and bank balances and cash) 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).

#### 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 loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty;
- 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 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.



# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

Financial instruments – continued

*Financial assets – continued*

Impairment of financial assets – continued

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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade 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 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.

*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.

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 and other payables, amounts due to a major shareholder/a related company/an 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.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Financial instruments – continued

#### *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.

#### 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.

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.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Revenue recognition – continued

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

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.

### Non-cash distribution

Distribution of non-cash assets to shareholders is recognised at carrying values of these assets at the date of the non-cash distribution.

### 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.

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.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 3. SIGNIFICANT ACCOUNTING POLICIES – continued

### Taxation – continued

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited 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 denominated 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.

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, 2009

## 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.

### Estimated net realisable value on properties under development for sale

In determining whether allowances should be made to the Group's properties under development of HK\$1,019,476,000 (2008: HK\$788,742,000), the Group takes into consideration the current market environment and the estimated market value (i.e. the estimated selling price less estimated costs of selling expenses) less estimated costs to completion of the properties. An allowance is made if the estimated market value is less than the carrying amount. If the actual net realisable value on properties under development is less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, material provision for impairment losses may result.

### Fair value of investment properties

The fair value of HK\$6,180,610,000 at 31st March, 2009 was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated income statement.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 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 net debt, which includes the secured bank borrowings disclosed in note 37, 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 associated 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.

## 6. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

|  | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|--|------------------|------------------|
| <b>Financial assets</b>                              |                  |                  |
| Fair value through profit or loss                    |                  |                  |
| Investments in trading securities                    | <u>90</u>        | <u>161</u>       |
| Loans and receivables                                |                  |                  |
| Amount due from an associate                         | 2,645            | 2,645            |
| Loans receivable                                     | 1,862            | 1,940            |
| Debtors and other receivables                        | 118,553          | 85,495           |
| Pledged bank deposits                                | 220,934          | 691,192          |
| Bank balances and cash                               | <u>322,761</u>   | <u>173,888</u>   |
|  | <u>666,755</u>   | <u>955,160</u>   |
| <b>Financial liabilities</b>                         |                  |                  |
| At amortised cost                                    |                  |                  |
| Creditors and other payables                         | 221,772          | 205,540          |
| Amount due to a major shareholder                    | –                | 1,575,510        |
| Amount due to a related company                      | 1,880,980        | –                |
| Amount due to an associate                           | 3                | 298              |
| Amounts due to minority shareholders of subsidiaries | 19,504           | 19,504           |
| Secured bank borrowings                              | <u>3,021,115</u> | <u>2,232,436</u> |
|  | <u>5,143,374</u> | <u>4,033,288</u> |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 6. FINANCIAL INSTRUMENTS – continued

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

The Group's major financial instruments include investments in trading securities, amount due from an associate, loans receivable, debtors and other receivables, pledged bank deposits, bank balances and cash, creditors and other payables, amounts due to a major shareholder/a related company/an 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. There is no significant change in the risks associated with these financial instruments for both years.

#### *Market risk*

##### Currency risk

The Group's 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.

##### Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to loans receivable, bank balances, amounts due to a related company/major shareholder 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 cash flow interest rate risk is mainly concentrated on the fluctuation of Hong Kong Interbank Offered Rate ("HIBOR") and Prime Rate arising from the Group's advances from a related company/major shareholder and secured bank borrowings.

The Group's sensitivity to cash flow interest rate risk has been determined based on the exposure to interest rates for the abovementioned 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, 2009

## 6. FINANCIAL INSTRUMENTS – continued

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

#### *Market risk – continued*

#### Interest rate risk – continued

Except for bank balances using 10 basis point (2008: 10 basis point), if interest rates had been 100 basis points (2008: 100 basis points) higher and all other variables were held constant, the potential effect on post-tax loss (2008: post-tax profit) is as follows:

|  | <b>2009</b>     | 2008     |
|--|-----------------|----------|
|  | <b>HK\$'000</b> | HK\$'000 |
| Decrease (increase) in post-tax loss<br>(2008: increase (decrease) in post-tax profit)<br>for the year |                 |          |
| – Loans receivable   | <b>19</b>       | 20       |
| – Bank balances  | <b>280</b>      | 387      |
| – Amounts due to a related company/major shareholder   | <b>(18,810)</b> | (15,755) |
| – Secured bank borrowings  | <b>(30,211)</b> | (22,324) |
|  | <b>(48,722)</b> | (37,672) |

If interest rates had been lower in an opposite magnitude and all other variables held constants, the potential effect on the results 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, 2009 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 good credit ratings.

Other than concentration of credit risk on liquid funds which are deposited with several banks with good credit ratings and pledged bank deposit for resettlement work as set out in note 32, 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, 2009

## 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 Directors of the Company, after taking consideration with the historical pattern and the relationship between the Company and the related company, are of the opinion that the related company will not demand for repayment for the next twelve-month from the date of these consolidated financial statements are authorised for issue. The Group also relies on bank borrowings as a significant source of liquidity. At 31st March, 2009, based on the existing levels of bank balances, the existing banking facilities available, the Group will be able to meet its future cashflow requirements on the assumption that the above-mentioned related company would not demand for repayment for the next twelve-month from the date of these consolidated financial statements are authorised for issue. Accordingly, the management considers that the Group's liquidity risk is minimal.

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

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 6. FINANCIAL INSTRUMENTS – continued

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

#### Liquidity risk – continued

#### Liquidity table

|   | Weighted<br>average<br>interest rate | Less than<br>1 month or<br>repayable<br>on demand<br>HK\$'000 | 1-3<br>months<br>HK\$'000 | 3 months<br>to<br>1 year<br>HK\$'000 | Over<br>1 year<br>to 5 years<br>HK\$'000 | Over<br>5 years<br>HK\$'000 | Total<br>undiscounted<br>cash flows<br>HK\$'000 | Total<br>carrying<br>amounts<br>HK\$'000 |
|---|--------------------------------------|---|---------------------------|--------------------------------------|--|-----------------------------|---|--|
| <b>At 31st March, 2009</b>                              |                                      |   |                           |                                      |  |                             |   |  |
| Creditors and other payables                            | N/A                                  | –   | 221,772                   | –                                    | –  | –                           | 221,772   | 221,772                                  |
| Amount due to a related company                         | 1.26%                                | 1,880,980   | –                         | –                                    | –  | –                           | 1,880,980                                       | 1,880,980                                |
| Amount due to an associate                              | N/A                                  | 3   | –                         | –                                    | –  | –                           | 3   | 3  |
| Amounts due to minority<br>shareholders of subsidiaries | N/A                                  | 19,504  | –                         | –                                    | –  | –                           | 19,504  | 19,504                                   |
| Secured bank borrowings                                 | 1.74%                                | –   | 60,330                    | 1,211,852                            | 1,231,443                                | 680,952                     | 3,184,577                                       | 3,021,115                                |
|   |                                      | <u>1,900,487</u>  | <u>282,102</u>            | <u>1,211,852</u>                     | <u>1,231,443</u>                         | <u>680,952</u>              | <u>5,306,836</u>                                | <u>5,143,374</u>                         |
| <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<br>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>                         |

### (c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of investments in trading securities which traded on active liquid markets are determined with reference to quoted market bid prices.
- the fair value of other 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 consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 7. TURNOVER

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

|   | <b>2009</b>     | 2008      |
|---|-----------------|-----------|
|   | <b>HK\$'000</b> | HK\$'000  |
| Continuing operations   |                 |           |
| Rental income from investment properties  | <b>292,505</b>  | 201,379   |
| Sales of properties   | –               | 1,487,218 |
| Income from hotel operations  | <b>52,674</b>   | 70,283    |
| Consultancy and advisory service income   | <b>2,991</b>    | 6,333     |
|   | <b>348,170</b>  | 1,765,213 |
| Discontinued operations ( <i>note 15</i> )  |                 |           |
| Commission from the provision of securities and futures<br>brokerage services and related advisory services | –               | 3,803     |
| Interest income from financing and other loan receivables   | –               | 1,148     |
|   | –               | 4,951     |
| Total   | <b>348,170</b>  | 1,770,164 |

## 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.

During the year ended 31st March, 2008, 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.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

### Business segments – continued

Information about these business segments is as follows:

|   | Continuing operations              |                                    |                                 |   | Consolidated<br>HK\$'000 |
|---|------------------------------------|------------------------------------|---------------------------------|---|--------------------------|
|   | Lease of<br>properties<br>HK\$'000 | Sales of<br>properties<br>HK\$'000 | Hotel<br>operations<br>HK\$'000 | Consultancy<br>and advisory<br>services<br>HK\$'000 |                          |
| <b>Year ended 31st March, 2009</b>                  |                                    |                                    |                                 |   |                          |
| INCOME STATEMENT                                    |                                    |                                    |                                 |   |                          |
| Turnover  |                                    |                                    |                                 |   |                          |
| External sales                                      | 292,505                            | –                                  | 52,674                          | 2,991   | 348,170                  |
| Segment results                                     | (1,489,731)                        | (38,388)                           | 6,342                           | 1,341   | (1,520,436)              |
| Interest income                                     |                                    |                                    |                                 |   | 2,734                    |
| Unallocated corporate expenses, net                 |                                    |                                    |                                 |   | (55,318)                 |
| Finance costs                                       |                                    |                                    |                                 |   | (122,932)                |
| Share of results of associates                      |                                    |                                    |                                 |   | 12,621                   |
| Loss before taxation                                |                                    |                                    |                                 |   | (1,683,331)              |
| Taxation credit                                     |                                    |                                    |                                 |   | 145,915                  |
| Loss for the year                                   |                                    |                                    |                                 |   | (1,537,416)              |
| OTHER INFORMATION                                   |                                    |                                    |                                 |   |                          |
| Capital additions                                   |                                    |                                    |                                 |   |                          |
| – Segment*  | 1,379,626                          | –                                  | 282,823                         | –   | 1,662,449                |
| – Corporate   |                                    |                                    |                                 |   | 91,792                   |
|   |                                    |                                    |                                 |   | 1,754,241                |
| Depreciation and amortisation                       |                                    |                                    |                                 |   |                          |
| – Segment   | 1,011                              | –                                  | 6,375                           | –   | 7,386                    |
| – Corporate   |                                    |                                    |                                 |   | 17,848                   |
|   |                                    |                                    |                                 |   | 25,234                   |
| Release of prepaid lease payments                   |                                    |                                    |                                 |   |                          |
| – Segment   | –                                  | –                                  | 3,509                           | –   | 3,509                    |
| – Corporate   |                                    |                                    |                                 |   | 1,263                    |
|   |                                    |                                    |                                 |   | 4,772                    |
| Impairment losses, net                              | 140,944                            | 28,389                             | 2,787                           | –   | 172,120                  |
| Fair value change in investment properties          | (1,586,109)                        | –                                  | –                               | –   | (1,586,109)              |
| Allowance for doubtful debts made<br>(written back) |                                    |                                    |                                 |   |                          |
| – Segment   | 130                                | –                                  | –                               | –   | 130                      |
| – Corporate   |                                    |                                    |                                 |   | (327)                    |
|   |                                    |                                    |                                 |   | (197)                    |

\* Capital additions in Hotel operations segment include transfer of HK\$88,809,000 from properties under development for sale purposes.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

Business segments – continued

|                                   | Lease of<br>properties<br>HK\$'000 | Sales of<br>properties<br>HK\$'000 | Hotel<br>operations<br>HK\$'000 | Consultancy<br>and advisory<br>services<br>HK\$'000 | Consolidated<br>HK\$'000 |
|-----------------------------------|------------------------------------|------------------------------------|---------------------------------|---|--------------------------|
| <b>At 31st March, 2009</b>        |                                    |                                    |                                 |   |                          |
| BALANCE SHEET                     |                                    |                                    |                                 |   |                          |
| Assets                            |                                    |                                    |                                 |   |                          |
| Segment assets                    | 7,349,095                          | 1,097,918                          | 616,827                         | 55  | 9,063,895                |
| Interests in associates           |                                    |                                    |                                 |   | 800,462                  |
| Amount due from an associate      |                                    |                                    |                                 |   | 2,645                    |
| Unallocated corporate assets      |                                    |                                    |                                 |   | 773,065                  |
| Consolidated total assets         |                                    |                                    |                                 |   | <u>10,640,067</u>        |
| Liabilities                       |                                    |                                    |                                 |   |                          |
| Segment liabilities               | 331,776                            | 398,390                            | 4,686                           | –   | 734,852                  |
| Amount due to an associate        |                                    |                                    |                                 |   | 3                        |
| Unallocated corporate liabilities |                                    |                                    |                                 |   | 5,113,246                |
| Consolidated total liabilities    |                                    |                                    |                                 |   | <u>5,848,101</u>         |

|   | Continuing operations              |                                    |                                 |   |                   | Discontinued operations             |                       |                   | Consolidated<br>HK\$'000 |
|---|------------------------------------|------------------------------------|---------------------------------|---|-------------------|-------------------------------------|-----------------------|-------------------|--------------------------|
|   | Lease of<br>properties<br>HK\$'000 | Sales of<br>properties<br>HK\$'000 | Hotel<br>operations<br>HK\$'000 | Consultancy<br>and advisory<br>services<br>HK\$'000 | Total<br>HK\$'000 | Securities<br>brokerage<br>HK\$'000 | Financing<br>HK\$'000 | Total<br>HK\$'000 |                          |
| Year ended 31st March, 2008                                       |                                    |                                    |                                 |   |                   |                                     |                       |                   |                          |
| 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<br>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   |                                    |                                    |                                 |   | <u>1,316,101</u>  |                                     |                       | <u>1,664</u>      | <u>1,317,765</u>         |

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

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

### Business segments – continued

|   | Continuing operations              |                                    |                                 |   |                   | Discontinued operations             |                       |                   | Consolidated<br>HK\$'000 |
|---|------------------------------------|------------------------------------|---------------------------------|---|-------------------|-------------------------------------|-----------------------|-------------------|--------------------------|
|   | Lease of<br>properties<br>HK\$'000 | Sales of<br>properties<br>HK\$'000 | Hotel<br>operations<br>HK\$'000 | Consultancy<br>and advisory<br>services<br>HK\$'000 | Total<br>HK\$'000 | Securities<br>brokerage<br>HK\$'000 | Financing<br>HK\$'000 | Total<br>HK\$'000 |                          |
| OTHER INFORMATION                                   |                                    |                                    |                                 |   |                   |                                     |                       |                   |                          |
| Capital additions                                   |                                    |                                    |                                 |   |                   |                                     |                       |                   |                          |
| – Segment   | 2,264,406                          | –                                  | 50                              | –   | 2,264,456         | –                                   | –                     | –                 | 2,264,456                |
| – Corporate   |                                    |                                    |                                 |   | 56,668            |                                     |                       | –                 | 56,668                   |
|   |                                    |                                    |                                 |   | <u>2,321,124</u>  |                                     |                       | <u>–</u>          | <u>2,321,124</u>         |
| Depreciation and amortisation                       |                                    |                                    |                                 |   |                   |                                     |                       |                   |                          |
| – Segment   | 4,781                              | –                                  | 9,430                           | –   | 14,211            | 59                                  | –                     | 59                | 14,270                   |
| – Corporate   |                                    |                                    |                                 |   | 6,021             |                                     |                       | –                 | 6,021                    |
|   |                                    |                                    |                                 |   | <u>20,232</u>     |                                     |                       | <u>59</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>–</u>          | <u>5,430</u>             |
| Impairment losses, net                              |                                    |                                    |                                 |   |                   |                                     |                       |                   |                          |
| – Segment   | –                                  | 2,531                              | –                               | –   | 2,531             | –                                   | –                     | –                 | 2,531                    |
| – Corporate   |                                    |                                    |                                 |   | 7,600             |                                     |                       | –                 | 7,600                    |
|   |                                    |                                    |                                 |   | <u>10,131</u>     |                                     |                       | <u>–</u>          | <u>10,131</u>            |
| Fair value change in<br>investment properties       | 743,945                            | –                                  | –                               | –   | 743,945           | –                                   | –                     | –                 | 743,945                  |
| Allowance for doubtful debts made<br>(written back) |                                    |                                    |                                 |   |                   |                                     |                       |                   |                          |
| – Segment   | 100                                | –                                  | –                               | –   | 100               | –                                   | –                     | –                 | 100                      |
| – Corporate   |                                    |                                    |                                 |   | (677)             |                                     |                       | –                 | (677)                    |
|   |                                    |                                    |                                 |   | <u>(577)</u>      |                                     |                       | <u>–</u>          | <u>(577)</u>             |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

### Business segments – continued

|                                   | Lease of<br>properties<br>HK\$'000 | Sales of<br>properties<br>HK\$'000 | Hotel<br>operations<br>HK\$'000 | Consultancy<br>and advisory<br>services<br>HK\$'000 | Consolidated<br>HK\$'000 |
|-----------------------------------|------------------------------------|------------------------------------|---------------------------------|---|--------------------------|
| At 31st March, 2008               |                                    |                                    |                                 |   |                          |
| 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>         |

### Geographical segments

The following table provides an analysis of the Group's turnover by geographical market.

|  | Turnover              |                  |
|--|-----------------------|------------------|
|  | 2009<br>HK\$'000      | 2008<br>HK\$'000 |
| Hong Kong                                  | <b>335,638</b>        | 1,762,570        |
| Macau                                      | <b>12,532</b>         | 7,594            |
| The People's Republic of China (the "PRC") | –                     | –                |
|  | <u><b>348,170</b></u> | <u>1,770,164</u> |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 8. BUSINESS AND GEOGRAPHICAL SEGMENTS – continued

### Geographical segments – continued

The following is an analysis of the carrying amount of segment assets, and additions to investment properties, prepaid lease and properties under development.

|            | Carrying amounts<br>of segments |                  | Capital additions |                  |
|------------|---------------------------------|------------------|-------------------|------------------|
|            | 2009<br>HK\$'000                | 2008<br>HK\$'000 | 2009<br>HK\$'000  | 2008<br>HK\$'000 |
| Hong Kong* | <b>7,724,397</b>                | 7,774,373        | <b>1,549,842</b>  | 1,794,914        |
| Macau      | <b>585,722</b>                  | 634,921          | <b>139,512</b>    | 459,072          |
| PRC        | <b>753,776</b>                  | 656,071          | <b>64,887</b>     | 67,138           |
|            | <b>9,063,895</b>                | 9,065,365        | <b>1,754,241</b>  | 2,321,124        |

\* Capital additions in Hong Kong segment for the year ended 31st March, 2009 include transfer of HK\$88,809,000 from properties under development for sale purposes.

## 9. OTHER INCOME

|                                   | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|-----------------------------------|------------------|------------------|
| The amount for the year includes: |                  |                  |
| Interest income from:             |                  |                  |
| – bank deposits                   | <b>2,622</b>     | 3,160            |
| – loans receivable                | <b>112</b>       | 398              |
| – amount due from an associate    | <b>–</b>         | 1,672            |
|                                   | <b>2,734</b>     | 5,230            |

## 10. IMPAIRMENT LOSSES, NET

|  | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|--|------------------|------------------|
| Impairment losses (recognised) reversed in respect of: |                  |                  |
| Properties under development                           | <b>(29,286)</b>  | (6,643)          |
| Prepaid lease payments                                 | <b>(142,834)</b> | –                |
| Motor vehicle registration marks                       | <b>–</b>         | (7,600)          |
| Properties held for sale                               | <b>–</b>         | 4,112            |
|  | <b>(172,120)</b> | (10,131)         |



# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 10. IMPAIRMENT LOSSES, NET – continued

During the year, the estimate recoverable amounts of certain properties under development and prepaid lease are less than the corresponding carrying values, and impairment loss was recognised with reference to the current market environment, estimate net realisable values and expected rental yield.

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 reviewed the recoverability of these properties with reference to the current market environment and considered to reverse the impairment. The carrying amount of the properties was increased to the revised estimated recoverable amount but did not exceed the cost of these properties.

## 11. FINANCE COSTS

|  | Continuing operations |                  | Discontinued operations |                  | Consolidated     |                  |
|--|-----------------------|------------------|-------------------------|------------------|------------------|------------------|
|  | 2009<br>HK\$'000      | 2008<br>HK\$'000 | 2009<br>HK\$'000        | 2008<br>HK\$'000 | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
| Interest on:   |                       |                  |                         |                  |                  |                  |
| – bank borrowings wholly repayable within five years     | <b>67,810</b>         | 52,879           | –                       | 425              | <b>67,810</b>    | 53,304           |
| – other borrowings wholly repayable within five years    | <b>32,586</b>         | 24,744           | –                       | –                | <b>32,586</b>    | 24,744           |
| – bank borrowings not wholly repayable within five years | <b>23,398</b>         | 60,887           | –                       | –                | <b>23,398</b>    | 60,887           |
| Total borrowing costs                                    | <b>123,794</b>        | 138,510          | –                       | 425              | <b>123,794</b>   | 138,935          |
| Less: Capitalised in properties under development        | <b>(3,872)</b>        | (2,881)          | –                       | –                | <b>(3,872)</b>   | (2,881)          |
| Bank charges   | <b>3,010</b>          | 2,076            | –                       | –                | <b>3,010</b>     | 2,076            |
|  | <b>122,932</b>        | 137,705          | –                       | 425              | <b>122,932</b>   | 138,130          |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 12. (LOSS) PROFIT BEFORE TAXATION

|   | Continuing operations |                  | Discontinued operations |                  | Consolidated     |                  |
|---|-----------------------|------------------|-------------------------|------------------|------------------|------------------|
|   | 2009<br>HK\$'000      | 2008<br>HK\$'000 | 2009<br>HK\$'000        | 2008<br>HK\$'000 | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
| (Loss) profit before taxation has<br>been arrived at after charging:  |                       |                  |                         |                  |                  |                  |
| Auditor's remuneration  | 2,667                 | 2,685            | –                       | –                | 2,667            | 2,685            |
| Depreciation  | 25,234                | 20,232           | –                       | 59               | 25,234           | 20,291           |
| Release of prepaid lease payments   | 4,772                 | 5,430            | –                       | –                | 4,772            | 5,430            |
| Loss on disposal of property,<br>plant and equipment  | –                     | 3,136            | –                       | –                | –                | 3,136            |
| Change in fair value in trading<br>securities   | 71                    | –                | –                       | –                | 71               | –                |
| Operating lease rentals in<br>respect of rented premises  | 2,067                 | 2,373            | –                       | –                | 2,067            | 2,373            |
| Share of tax of associates<br>(included in share of results<br>of associates)                                 | 3,380                 | 15,008           | –                       | –                | 3,380            | 15,008           |
| Staff costs, including directors'<br>remuneration and retirement<br>benefit scheme contributions<br>(note 13) | 93,736                | 113,660          | –                       | 2,899            | 93,736           | 116,559          |
| and after crediting:  |                       |                  |                         |                  |                  |                  |
| Gross rental income less<br>outgoings of approximately<br>HK\$16,027,000<br>(2008: HK\$10,048,000)            | 276,478               | 191,331          | –                       | –                | 276,478          | 191,331          |
| Gain on disposal of property,<br>plant and equipment  | 2                     | –                | –                       | –                | 2                | –                |
| Discount on deemed acquisition<br>of additional interest<br>in a subsidiary                                   | –                     | 432              | –                       | –                | –                | 432              |
|   | <u>–</u>              | <u>432</u>       | <u>–</u>                | <u>–</u>         | <u>–</u>         | <u>432</u>       |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

### (i) Directors' emoluments

|  | Fan Man<br>Wong<br>Chi Fai | Fan Man<br>Seung,<br>Vanessa | Mok<br>Fung Lin,<br>Ivy | Cheung<br>Ping<br>Keung | Chan<br>Pak Lam,<br>Tom | Luk<br>Siu Man,<br>Semon | Chan<br>Man Hon,<br>Eric | Wan<br>Chi Keung<br>Aaron | Law<br>Ka Ming,<br>Michael | Liu<br>Hing<br>Hung | Total         |
|--|----------------------------|------------------------------|-------------------------|-------------------------|-------------------------|--------------------------|--------------------------|---------------------------|----------------------------|---------------------|---------------|
|  | HK\$'000                   | HK\$'000                     | HK\$'000                | HK\$'000                | HK\$'000                | HK\$'000                 | HK\$'000                 | HK\$'000                  | HK\$'000                   | HK\$'000            | HK\$'000      |
| <b>2009</b>                                  |                            |                              |                         |                         |                         |                          |                          |                           |                            |                     |               |
| Fees   | 153                        | 153                          | 153                     | 153                     | -                       | -                        | 229                      | 114                       | 115                        | 229                 | 1,299         |
| Other emoluments:                            |                            |                              |                         |                         |                         |                          |                          |                           |                            |                     |               |
| Salaries and other benefits                  | 2,360                      | 1,160                        | 1,841                   | 2,832                   | -                       | -                        | -                        | -                         | -                          | -                   | 8,193         |
| Retirement benefit scheme contributions      | 168                        | 84                           | 131                     | 12                      | -                       | -                        | -                        | -                         | -                          | -                   | 395           |
| <b>Total emoluments</b>                      | <b>2,681</b>               | <b>1,397</b>                 | <b>2,125</b>            | <b>2,997</b>            | <b>-</b>                | <b>-</b>                 | <b>229</b>               | <b>114</b>                | <b>115</b>                 | <b>229</b>          | <b>9,887</b>  |
| <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>-</b>                   | <b>107</b>          | <b>26,864</b> |

Note: The performance related incentive payment is determined with reference to the operating results, individual performance and comparable market statistics for the year ended 31st March, 2008.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

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

### (ii) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, four (2008: four) were directors of the Company whose emoluments are set out above. The emoluments of the remaining one (2008: one) highest paid individual are as follows:

|   | <b>2009</b><br><b>HK\$'000</b> | 2008<br>HK\$'000 |
|---|--------------------------------|------------------|
| Salaries and other benefits             | <b>1,416</b>                   | 1,540            |
| Retirement benefit scheme contributions | <b>71</b>                      | 95               |
|   | <b><u>1,487</u></b>            | <u>1,635</u>     |

### (iii) Retirement benefit scheme contributions

|   | <b>2009</b><br><b>HK\$'000</b> | 2008<br>HK\$'000 |
|---|--------------------------------|------------------|
| Retirement benefit scheme contributions to the<br>Group's defined contribution scheme | <b>980</b>                     | 1,143            |
| Less: Forfeited contributions   | <b>(140)</b>                   | (46)             |
|   | <b><u>840</u></b>              | <u>1,097</u>     |
| Contributions to mandatory provident fund scheme<br>("MPF Scheme")                    | <b>2,316</b>                   | 2,414            |
|   | <b><u>3,156</u></b>            | <u>3,511</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.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 14. TAXATION CREDIT (CHARGE)

|                                      | <b>2009</b>     | 2008      |
|--------------------------------------|-----------------|-----------|
|                                      | <b>HK\$'000</b> | HK\$'000  |
| The credit (charge) comprises:       |                 |           |
| Current tax                          |                 |           |
| Hong Kong Profits Tax                | <b>(4,566)</b>  | (5,248)   |
| Over(under) provision in prior years |                 |           |
| Hong Kong Profits Tax                | <b>348</b>      | 75        |
| PRC Enterprise Income Tax            | –               | (40)      |
|                                      | <b>348</b>      | 35        |
|                                      | <b>(4,218)</b>  | (5,213)   |
| Deferred taxation ( <i>note 38</i> ) |                 |           |
| Credit (charge) for the year         | <b>131,617</b>  | (124,450) |
| Change in tax rate                   | <b>18,516</b>   | –         |
|                                      | <b>150,133</b>  | (124,450) |
|                                      | <b>145,915</b>  | (129,663) |

On 26th June, 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) of the estimated assessable profit for the year.

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, 2009

## 14. TAXATION CREDIT (CHARGE) – continued

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

|   | <b>2009</b>               | 2008             |
|---|---------------------------|------------------|
|   | <b>HK\$'000</b>           | HK\$'000         |
| (Loss) profit before taxation   |                           |                  |
| Continuing operations   | <b>(1,683,331)</b>        | 1,445,764        |
| Discontinued operations   | –                         | 1,664            |
|   | <b><u>(1,683,331)</u></b> | <u>1,447,428</u> |
| Tax credit (charge) at Hong Kong Profits Tax of 16.5%<br>(2008: 17.5%)            | <b>277,750</b>            | (253,300)        |
| Tax effect of share of results of associates                                      | <b>2,082</b>              | 15,468           |
| Tax effect of income that is not taxable for tax purpose                          | <b>2,079</b>              | 20,443           |
| Tax effect of expenses that are not deductible for tax purpose                    | <b>(84,827)</b>           | (12,553)         |
| Utilisation of tax losses previously not recognised                               | –                         | 104,310          |
| Tax effect of tax losses not recognised   | <b>(30,567)</b>           | (3,747)          |
| Tax effect of deductible temporary difference not recognised                      | <b>(39,466)</b>           | –                |
| Effect of different tax rates of subsidiaries operating<br>in other jurisdictions | –                         | (289)            |
| Overprovision in prior years  | <b>348</b>                | 35               |
| Change in tax rate  | <b>18,516</b>             | –                |
| Others  | –                         | (30)             |
|   | <b><u>145,915</u></b>     | <u>(129,663)</u> |
| Taxation credit (charge) for the year   |                           |                  |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 15. DISCONTINUED OPERATIONS

During the year ended 31st March, 2008, the Group spun off its brokerage and financing operations through separate listing of ECG by way of distribution in specie, 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.

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

|                           | 2008<br>HK\$'000 |
|---------------------------|------------------|
| Turnover                  | 4,951            |
| Direct operating expenses | (1,655)          |
| Other income              | 213              |
| Administrative expenses   | (1,420)          |
| Finance costs             | (425)            |
|                           | <hr/>            |
| Profit for the year       | <u>1,664</u>     |

The discontinued operations contributed cash outflow of approximately HK\$359,050,000 to the Group's net operating cash flows and generated HK\$335,600,000 in respect of financing activities for the year ended 31st March, 2008.

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   | <u>211,254</u> |
| Analysis of net cash outflow of cash and cash equivalents in connection with the disposal of discontinued operations: |                |
| Bank balances and cash  | <u>102,334</u> |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 16. DIVIDENDS

|   | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|---|------------------|------------------|
| Recognised as distribution:   |                  |                  |
| No interim dividend was paid for 2009<br>(2008: HK\$0.04 per share)                   | –                | 71,010           |
| Final dividend for previous financial year of<br>HK\$0.062 (2007: HK\$0.06) per share | <u>110,065</u>   | <u>106,515</u>   |
|   | <u>110,065</u>   | <u>177,525</u>   |
| Proposed:   |                  |                  |
| No final dividend was proposed for 2009<br>(2008: HK\$0.062 per share)                | <u>–</u>         | <u>110,065</u>   |

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 measured at carrying values of assets distributed.

The Directors do not propose any final dividend for the year ended 31st March, 2009.

## 17. (LOSS) EARNINGS PER SHARE

### From continuing and discontinued operations

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

|  | 2009<br>HK\$'000     | 2008<br>HK\$'000     |
|--|----------------------|----------------------|
| <b>(Loss) earnings</b>   |                      |                      |
| (Loss) earnings for the purpose of basic<br>and diluted earnings per share                         | <u>(1,536,985)</u>   | <u>1,317,917</u>     |
|  | <b>2009</b>          | <b>2008</b>          |
| <b>Number of shares</b>  |                      |                      |
| Weighted average number of ordinary shares for the<br>purpose of basic (loss) earnings per share   | <u>1,775,246,134</u> | 1,668,385,380        |
| Effect of dilutive potential ordinary shares of share options                                      | <u>–</u>             | <u>6,561,575</u>     |
| Weighted average number of ordinary shares for<br>the purpose of diluted (loss) earnings per share | <u>1,775,246,134</u> | <u>1,674,946,955</u> |

No diluted loss per share has been presented in the current year as the exercise price of the Company's options was higher than average market price of the shares for the year ended 31st March, 2009.



# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 17. (LOSS) EARNINGS PER SHARE – continued

From continuing and discontinued operations – continued

No effect on (loss) earnings 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.

From continuing operations

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

|  | <b>2009</b>                 | 2008                        |
|--|-----------------------------|-----------------------------|
|  | <b>HK\$'000</b>             | HK\$'000                    |
| (Loss) profit for the year attributable to equity holders of the Company                                   | <b>(1,536,985)</b>          | 1,317,917                   |
| Less: Profit for the year from discontinued operations   | –                           | 1,664                       |
|  | <u>                    </u> | <u>                    </u> |
| (Loss) earnings for the purpose of basic and dilutive (loss) earnings per share from continuing operations | <b><u>(1,536,985)</u></b>   | <b><u>1,316,253</u></b>     |

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

From discontinued operations

Basic earnings per share for discontinued operations for the year ended 31st March, 2008 was HK\$0.001 per share and diluted earnings per share for the discontinued operations for the year ended 31st March, 2008 was HK\$0.001, based on the profit for the year ended 31st March, 2008 from discontinued operations of HK\$1,664,000 and the denominators detailed above for both basic and diluted earnings per share.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 18. INVESTMENT PROPERTIES

|   | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|---|------------------|------------------|
| AT FAIR VALUE   |                  |                  |
| At beginning of the year  | 6,673,676        | 3,996,002        |
| Additions   | 1,293,887        | 2,070,043        |
| Change in fair value  | (1,586,109)      | 743,945          |
| Disposals   | (147,300)        | (173,700)        |
| Reclassification (to) from properties under development                   | (53,544)         | 2,946            |
| Disposal of subsidiaries (note 42)  | –                | (99,410)         |
| Reclassification from buildings, including relevant prepaid leases        | –                | 53,750           |
| Reclassification from hotel properties, including relevant prepaid leases | –                | 96,000           |
| Reclassification to buildings, including relevant prepaid leases          | –                | (15,900)         |
|   | <hr/>            | <hr/>            |
| At end of the year  | <b>6,180,610</b> | <b>6,673,676</b> |

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

|                         | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|-------------------------|------------------|------------------|
| Situating in Hong Kong: |                  |                  |
| – long leases           | 2,589,300        | 3,342,609        |
| – medium-term leases    | 3,007,010        | 2,702,467        |
| Situating in Macau:     |                  |                  |
| – short-term lease      | 584,300          | 628,600          |
|                         | <hr/>            | <hr/>            |
|                         | <b>6,180,610</b> | <b>6,673,676</b> |

The investment properties were valued at 31st March, 2009 by Colliers International (Hong Kong) Limited, an independent firm of professional qualified surveyors, on an open market value basis. All the investment properties are held for rental under operating leases.

The valuation at 31st March, 2008 was conducted by an employee of the Group, who is a professional qualified surveyor, on an open market basis.

The valuation was arrived at by reference to market evidence of transaction prices for similar properties and by reference to net rental income allowing for reversionary income potential using the applicable market yields for the respective locations and types of properties as the discount rates.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 19. PROPERTY, PLANT AND EQUIPMENT

|  | Buildings<br>HK\$'000 | Hotel<br>properties<br>HK\$'000 | Leasehold<br>improvements<br>HK\$'000 | Others<br>HK\$'000 | Total<br>HK\$'000 |
|--|-----------------------|---------------------------------|---------------------------------------|--------------------|-------------------|
| COST OR DEEMED COST  |                       |                                 |                                       |                    |                   |
| At 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             |
| Transfer to investment properties                          | (31,922)              | (50,971)                        | –                                     | –                  | (82,893)          |
| Reclassification   | –                     | –                               | 886                                   | (886)              | –                 |
| Surplus on revaluation                                     | 22,247                | 12,045                          | –                                     | –                  | 34,292            |
|  | <u>39,626</u>         | <u>155,276</u>                  | <u>94,398</u>                         | <u>47,291</u>      | <u>336,591</u>    |
| At 31st March, 2008 and 1st April, 2008                    | 39,626                | 155,276                         | 94,398                                | 47,291             | 336,591           |
| Exchange realignment                                       | –                     | –                               | –                                     | 33                 | 33                |
| Additions  | –                     | –                               | 73,801                                | 18,027             | 91,828            |
| Disposals  | –                     | –                               | (3,708)                               | (2,017)            | (5,725)           |
|  | <u>39,626</u>         | <u>155,276</u>                  | <u>164,491</u>                        | <u>63,334</u>      | <u>422,727</u>    |
| At 31st March, 2009  | 39,626                | 155,276                         | 164,491                               | 63,334             | 422,727           |
| Comprising:  |                       |                                 |                                       |                    |                   |
| At cost  | 28,626                | –                               | 164,491                               | 63,334             | 256,451           |
| At deemed cost   | 11,000                | 155,276                         | –                                     | –                  | 166,276           |
|  | <u>39,626</u>         | <u>155,276</u>                  | <u>164,491</u>                        | <u>63,334</u>      | <u>422,727</u>    |
| DEPRECIATION   |                       |                                 |                                       |                    |                   |
| At 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<br>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 disposals                                    | –                     | –                               | (9,289)                               | (21,111)           | (30,400)          |
|  | <u>12,209</u>         | <u>42,819</u>                   | <u>27,123</u>                         | <u>27,736</u>      | <u>109,887</u>    |
| At 31st March, 2008 and 1st April, 2008                    | 12,209                | 42,819                          | 27,123                                | 27,736             | 109,887           |
| Exchange realignment                                       | –                     | –                               | –                                     | 17                 | 17                |
| Provided for the year                                      | 950                   | 3,891                           | 12,485                                | 7,908              | 25,234            |
| Eliminated on disposals                                    | –                     | –                               | (2,629)                               | (3,080)            | (5,709)           |
|  | <u>13,159</u>         | <u>46,710</u>                   | <u>36,979</u>                         | <u>32,581</u>      | <u>129,429</u>    |
| At 31st March, 2009  | 13,159                | 46,710                          | 36,979                                | 32,581             | 129,429           |
| CARRYING VALUES  |                       |                                 |                                       |                    |                   |
| At 31st March, 2009  | <u>26,467</u>         | <u>108,566</u>                  | <u>127,512</u>                        | <u>30,753</u>      | <u>293,298</u>    |
| At 31st March, 2008  | <u>27,417</u>         | <u>112,457</u>                  | <u>67,275</u>                         | <u>19,555</u>      | <u>226,704</u>    |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 19. PROPERTY, PLANT AND EQUIPMENT – continued

Certain buildings and hotel properties transferred from (to) investment properties in previous years were based on the valuation at date of transfer carried out by an employee of the Group, who is a professional qualified surveyor, 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

|   | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|---|------------------|------------------|
| At beginning of the year                                    | 644,878          | 441,748          |
| Exchange realignment  | 2,231            | 471              |
| Additions   | 96,893           | 202,659          |
| Reclassification from properties under development for sale | 88,809           | –                |
| Impairment loss   | (897)            | –                |
|   | <u>831,914</u>   | <u>644,878</u>   |
| At end of the year  | <u>831,914</u>   | <u>644,878</u>   |

The amount represented projects developed for rental or owner-occupied 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:

|   | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|---|------------------|------------------|
| Situated in Hong Kong under long leases   | 674,382          | 563,288          |
| Situated in the PRC and held under land use rights for terms expiring within 50 years | 157,532          | 81,590           |
|   | <u>831,914</u>   | <u>644,878</u>   |

The land use right certificate of the relevant properties under development of approximately HK\$157,532,000 (2008: HK\$81,590,000) 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, 2009

## 21. PREPAID LEASE PAYMENTS

The prepaid lease payments comprise:

|   | <b>2009</b>     | 2008     |
|---|-----------------|----------|
|   | <b>HK\$'000</b> | HK\$'000 |
| Situated in Hong Kong:  |                 |          |
| – long leases   | <b>243,110</b>  | 246,850  |
| – medium-term lease   | <b>228,038</b>  | 39,242   |
| Situated in the PRC and held under land use right<br>expiring within 50 years | <b>277,469</b>  | 398,567  |
|   | <b>748,617</b>  | 684,659  |
| Analysed for reporting purposes as:   |                 |          |
| – non-current portion   | <b>734,067</b>  | 671,834  |
| – current portion   | <b>14,550</b>   | 12,825   |
|   | <b>748,617</b>  | 684,659  |

Prepaid lease payments include land use right in the PRC amounting to HK\$277,469,000 (2008: HK\$398,567,000). Up to the date of this report, such land use right certificate has not yet been obtained.

## 22. INTERESTS IN ASSOCIATES

|   | <b>2009</b>     | 2008     |
|---|-----------------|----------|
|   | <b>HK\$'000</b> | HK\$'000 |
| Cost of investment in associates  |                 |          |
| – listed  | <b>754,924</b>  | 754,924  |
| – unlisted  | –               | –        |
|   | <b>754,924</b>  | 754,924  |
| Share of post-acquisition reserves, net of dividends                          | <b>45,538</b>   | 43,879   |
|   | <b>800,462</b>  | 798,803  |
| Market value of an associate listed on the Stock Exchange<br>as at 31st March | <b>142,720</b>  | 799,232  |

Included in the cost of investment in associates is goodwill of HK\$54,743,000 (2008: HK\$54,743,000) arising on acquisitions of an associate in prior years.

During the year ended 31st March, 2008, 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.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 22. INTERESTS IN ASSOCIATES – continued

The summarised financial information in respect of associates based on its audited financial statements for the year ended 31st March, 2009 and relevant information in respect of the Group's interest in associates are as follows:

### Result for the year

|                                  | <b>2009</b><br><b>HK\$'000</b> | 2008<br>HK\$'000 |
|----------------------------------|--------------------------------|------------------|
| Turnover                         | <b>791,456</b>                 | 1,297,952        |
| Profit for the year              | <b>29,035</b>                  | 321,878          |
| Profit attributable to the Group | <b>12,621</b>                  | 88,391           |

### Financial position

|  | <b>2009</b><br><b>HK\$'000</b> | 2008<br>HK\$'000 |
|--|--------------------------------|------------------|
| Non-current assets                         | <b>2,335,169</b>               | 2,490,432        |
| Current assets                             | <b>866,086</b>                 | 888,720          |
| Current liabilities                        | <b>(620,581)</b>               | (682,176)        |
| Non-current liabilities                    | <b>(403,217)</b>               | (503,862)        |
| Total asset attributable to equity holders | <b>2,177,457</b>               | 2,193,114        |
| Minority interests                         | <b>(460,429)</b>               | (479,875)        |
| Total equity                               | <b>1,717,028</b>               | 1,713,239        |
| Share of net assets                        | <b>745,719</b>                 | 744,060          |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 22. INTERESTS IN ASSOCIATES – continued

Particulars of the Group's principal associate as at 31st March, 2009 and 31st March, 2008, are as follows:

| Name of associate | Place of incorporation | Effective proportion of issued share capital held by the Group 2009 & 2008 | Principal activities                      |
|-------------------|------------------------|--|---|
| EEH               | Bermuda                | 43.43%   | 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. AMOUNT DUE FROM (TO) AN ASSOCIATE

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

## 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 (2008: Prime Rate) and are secured by second mortgages over the properties acquired by the purchasers. The maturity dates of the balances are 17 (2008: 18) years.

## 25. GOODWILL

At 31st March, 2009, the carrying amount of goodwill of approximately HK\$1,940,000 (2008: 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 for the lease of properties, and no impairment is considered necessary.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 26. OTHER ASSETS

**2009 & 2008**

HK\$'000

|   |       |
|---|-------|
| Club debentures and membership, at cost | 4,442 |
|---|-------|

The club debentures and membership have indefinite life.

## 27. INVENTORIES

|                 |          |
|-----------------|----------|
| <b>2009</b>     | 2008     |
| <b>HK\$'000</b> | HK\$'000 |

|                |            |            |
|----------------|------------|------------|
| Catering goods | <u>543</u> | <u>619</u> |
|----------------|------------|------------|

The cost of inventories recognised as an expense during the year amounted to approximately HK\$7,925,000 (2008: HK\$11,123,000).

## 28. PROPERTIES HELD FOR SALE

The properties held for sale comprise properties:

|                 |          |
|-----------------|----------|
| <b>2009</b>     | 2008     |
| <b>HK\$'000</b> | HK\$'000 |

|   |               |        |
|---|---------------|--------|
| Situated in Hong Kong and held under long-term leases | <b>11,432</b> | 11,432 |
|---|---------------|--------|

|   |            |     |
|---|------------|-----|
| Situated in Hong Kong and held under medium-term leases | <b>182</b> | 182 |
|---|------------|-----|

|  |               |        |
|--|---------------|--------|
| Situated in the PRC and held under land use rights with terms expiring within 50 years | <b>15,441</b> | 15,100 |
|--|---------------|--------|

|               |               |
|---------------|---------------|
| <b>27,055</b> | <b>26,714</b> |
|---------------|---------------|

## 29. PROPERTIES UNDER DEVELOPMENT – CURRENT

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

|                 |          |
|-----------------|----------|
| <b>2009</b>     | 2008     |
| <b>HK\$'000</b> | HK\$'000 |

|                        |                |         |
|------------------------|----------------|---------|
| Situated in Hong Kong: |                |         |
| – long leases          | <b>644,314</b> | 587,605 |
| – medium-term leases   | <b>142,500</b> | 82,201  |

|   |                |         |
|---|----------------|---------|
| Situated in the PRC and held under land use rights for: |                |         |
| – terms expiring within 50 years                        | <b>232,662</b> | 118,936 |

|                  |                |
|------------------|----------------|
| <b>1,019,476</b> | <b>788,742</b> |
|------------------|----------------|

Included in the amount are properties under development for sale of approximately HK\$786,814,000 (2008: HK\$788,742,000) in relation to properties that are expected to complete after one year.



# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 30. DEBTORS, DEPOSITS AND PREPAYMENTS

|   | <b>2009</b>           | 2008           |
|---|-----------------------|----------------|
|   | <b>HK\$'000</b>       | HK\$'000       |
| An analysis of debtors, deposits and prepayments is as follows: |                       |                |
| Debtors, net carrying values                                    | <b>4,015</b>          | 6,739          |
| Other receivables, net carrying values                          | <b>114,538</b>        | 78,756         |
| Deposits and prepayments  | <b>21,742</b>         | 22,257         |
|   | <b><u>140,295</u></b> | <u>107,752</u> |

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

|               | <b>2009</b>         | 2008         |
|---------------|---------------------|--------------|
|               | <b>HK\$'000</b>     | HK\$'000     |
| 0 – 30 days   | <b>2,649</b>        | 5,674        |
| 31 – 90 days  | <b>1,174</b>        | 505          |
| 91 – 180 days | <b>64</b>           | 325          |
| Over 180 days | <b>128</b>          | 235          |
|               | <b><u>4,015</u></b> | <u>6,739</u> |

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

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

Included in other receivables are amounts due from related companies of HK\$18,409,000 (2008: HK\$25,024,000). These related companies are companies in which a deemed substantial shareholder of the Company has beneficial interest.

Included in the Group's trade receivable balances are debtors with carrying amounts of HK\$2,034,000 (2008: HK\$5,622,000) which are past due at the balance sheet date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 30. DEBTORS, DEPOSITS AND PREPAYMENTS – continued

Aging of trade receivables which are past due but not impaired

|               | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|---------------|------------------|------------------|
| Overdue for:  |                  |                  |
| 1 – 30 days   | 668              | 4,557            |
| 31 – 90 days  | 1,174            | 505              |
| 91 – 180 days | 64               | 325              |
| Over 180 days | 128              | 235              |
|               | <u>2,034</u>     | <u>5,622</u>     |

Movement in the allowance for doubtful debts of trade and other receivables

|                                       | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|---------------------------------------|------------------|------------------|
| At 1st April                          | 3,508            | 96,991           |
| Impairment loss (reversed) recognised | (703)            | 11               |
| Written off against receivable        | (11)             | (93,377)         |
| Disposal of subsidiaries              | –                | (117)            |
|                                       | <u>2,794</u>     | <u>3,508</u>     |
| At 31st March                         |                  |                  |

The Group's management closely monitors the credit quality of debtors 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.

## 31. INVESTMENTS IN TRADING SECURITIES

|  | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|--|------------------|------------------|
| Trading securities shown under current assets: |                  |                  |
| Shares listed in Hong Kong, at market value    | <u>90</u>        | <u>161</u>       |

## 32. PLEDGED BANK DEPOSIT

|  | 2009<br>HK\$'000 | 2008<br>HK\$'000 |
|--|------------------|------------------|
| Resettlement work – non-current                              | 220,934          | 271,229          |
| Secured deposits for borrowings ( <i>note 37</i> ) – current | –                | 419,963          |
|  | <u>220,934</u>   | <u>691,192</u>   |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 32. PLEDGED BANK DEPOSIT – continued

The amount of HK\$220,934,000 (2008: HK\$271,229,000) (equivalent to approximately RMB194,870,000 (2008: RMB244,701,000)) was deposited to a bank account designated under 北京朝陽區房屋管理局 as a deposit for resettlement for a development project in the PRC. Such pledged bank deposits are restricted for settlement in relation to the resettlement work.

## 33. BANK BALANCES AND CASH

Bank balances 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 3.28% (2008: 0.01% to 3.39%) per annum.

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

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

|  | <b>2009</b>     | 2008     |
|--|-----------------|----------|
|  | <b>HK\$'000</b> | HK\$'000 |
| 0 – 90 days                                    | <b>3,867</b>    | 4,584    |
| 91 – 180 days                                  | <b>54</b>       | 31       |
| Over 180 days                                  | <b>20</b>       | 87       |
|  | <b>3,941</b>    | 4,702    |
| Other creditors                                | <b>217,831</b>  | 200,838  |
| Deposits received from pre-sales of properties | <b>373,615</b>  | –        |
| Customers' deposits and accrued charges        | <b>153,518</b>  | 159,817  |
|  | <b>748,905</b>  | 365,357  |

## 35. AMOUNT DUE TO A MAJOR SHAREHOLDER/A RELATED PARTY

The amounts are unsecured, carries interest at 0.55% over HIBOR to 1.00% over HIBOR (2008: 0.50% over HIBOR) per annum, after adjusting certain factor as negotiated between both parties, and is repayable on demand.

On 1st April, 2008, the amount due to a major shareholder of approximately HK\$1,575,510,000 was assigned to a related company.

The related company and major shareholder are wholly-owned subsidiaries of The Albert Yeung, Discretionary Trust (the "Trust").

## 36. AMOUNTS DUE TO MINORITY SHAREHOLDERS OF SUBSIDIARIES

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

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 37. SECURED BANK BORROWINGS

|  | <b>2009</b>        | 2008      |
|--|--------------------|-----------|
|  | <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>1,226,529</b>   | 915,674   |
| Between one to two years   | <b>250,980</b>     | 163,426   |
| Between two to three years   | <b>424,331</b>     | 220,117   |
| Between three to four years  | <b>363,997</b>     | 273,402   |
| Between four to five years   | <b>131,397</b>     | 142,235   |
| Over five years  | <b>623,881</b>     | 517,582   |
|  | <b>3,021,115</b>   | 2,232,436 |
| Less: Amount due within one year included under current liabilities                | <b>(1,226,529)</b> | (915,674) |
| Amount due after one year  | <b>1,794,586</b>   | 1,316,762 |
| An analysis of secured bank borrowings due within one year is as follows:          |                    |           |
| Bank loans   | <b>3,021,115</b>   | 902,495   |
| Bank overdrafts  | –                  | 13,179    |
|  | <b>3,021,115</b>   | 915,674   |

The bank borrowings carry interest ranging from 0.55% over HIBOR to 2.00% over HIBOR (2008: 0.55% over HIBOR to 1.25% over HIBOR) per annum 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>2009</b>      | 2008      |
|---|------------------|-----------|
|   | <b>HK\$'000</b>  | HK\$'000  |
| Investment properties                                       | <b>5,811,670</b> | 6,312,607 |
| Properties under development                                | <b>542,759</b>   | 309,520   |
| Buildings, including relevant prepaid lease payments        | <b>90,140</b>    | 92,352    |
| Hotel properties, including relevant prepaid lease payments | <b>326,142</b>   | 333,544   |
| Bank deposits   | –                | 419,963   |
|   | <b>6,770,711</b> | 7,467,986 |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 38. DEFERRED TAXATION

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

|   | <b>Accelerated<br/>tax<br/>depreciation</b><br>HK\$'000 | <b>Revaluation<br/>of<br/>properties</b><br>HK\$'000 | <b>Tax<br/>losses</b><br>HK\$'000 | <b>Total</b><br>HK\$'000 |
|---|---|--|-----------------------------------|--------------------------|
| At 1st April, 2007                                  | (59,903)  | (159,623)  | 25,657                            | (193,869)                |
| (Charge) credit to consolidated<br>income statement | (6,017)   | (121,549)  | 3,116                             | (124,450)                |
| Charge to equity                                    | –   | (5,782)  | –                                 | (5,782)                  |
| Spin-off of subsidiaries                            | 65  | –  | –                                 | 65                       |
|   | <hr/>   | <hr/>  | <hr/>                             | <hr/>                    |
| At 31st March, 2008 and<br>1st April, 2008          | (65,855)  | (286,954)  | 28,773                            | (324,036)                |
| Change in tax rate                                  | 4,218   | 16,397   | (1,644)                           | 18,971                   |
| (Charge) credit to consolidated<br>income statement | (11,533)  | 166,643  | (23,493)                          | 131,617                  |
| Credit to equity                                    | –   | 174  | –                                 | 174                      |
|   | <hr/>   | <hr/>  | <hr/>                             | <hr/>                    |
| At 31st March, 2009                                 | <u>(73,170)</u>   | <u>(103,740)</u>                                     | <u>3,636</u>                      | <u>(173,274)</u>         |

At 31st March, 2009, the Group had tax losses of approximately HK\$929,183,000 (2008: HK\$886,306,000) available for offset against future profits. A deferred taxation asset has been recognised in respect of HK\$22,036,000 (2008: HK\$164,417,000) of such losses. No deferred taxation asset has been recognised in respect of the remaining HK\$907,147,000 (2008: HK\$721,889,000) due to the unpredictability of future profit streams. The tax losses can be carried forward indefinitely.

At the balance sheet date, the Group has deductible temporary differences of HK\$239,190,000 (2008: nil). No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 39. SHARE CAPITAL

|   | Number of shares | Nominal value<br>HK\$'000 |
|---|------------------|---------------------------|
| THE COMPANY   |                  |                           |
| Ordinary shares of HK\$0.01 each  |                  |                           |
| Authorised:   |                  |                           |
| At 1st April, 2007, 31st March, 2008,<br>1st April, 2008 and 31st March, 2009 | 500,000,000,000  | 5,000,000                 |
| Issued and fully paid:  |                  |                           |
| At 1st April, 2007  | 1,413,178,181    | 14,132                    |
| Increase in shares upon the Allotment ( <i>note (a)</i> )                     | 79,433,953       | 794                       |
| Increase in shares upon the Placing ( <i>note (b)</i> )                       | 282,634,000      | 2,826                     |
| At 31st March, 2008, 1st April, 2008 and<br>31st March, 2009                  | 1,775,246,134    | 17,752                    |

### Notes:

- (a) On 12th June, 2007, World Million Profits Limited ("World Million"), a wholly-owned subsidiary of the Company entered into an unconditional 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 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.

On the same date, World Million entered into another unconditional 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 upon completion of the First Sale and Purchase Agreement was HK\$1.98 per share. The market price of EEH's share upon completion of the Second Sale 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.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 39. SHARE CAPITAL – continued

*Notes: – continued*

- (b) Pursuant to a placing agreement dated 12th June, 2007 made between Charron, the major shareholder of the Company and an independent placing agent (“Placing Agent”), the 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.

## 40. 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, 2009

## 40. SHARE OPTION – continued

The movements of the outstanding share options, which was granted to the Directors of the Company under the Scheme are as follows:

| Date of grant | Exercisable period    | Exercise price<br>per share<br>HK\$ | Number of share options           |  |  |
|---------------|-----------------------|-------------------------------------|-----------------------------------|--|--|
|               |                       |                                     | Outstanding at<br>1st April, 2007 | Granted during<br>the year ended<br>31st March, 2008 | Outstanding at<br>31st March, 2008,<br>1st April, 2008 and<br>31st March, 2009 |
| 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 (2009: nil) is recognised in the consolidated income statement in respect of the value of options granted.

### Notes:

- (i) The volatility measured at the standard deviation 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, 2009

## 41. PURCHASE OF SUBSIDIARIES

- (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. Oriental Press was a wholly-owned subsidiary of Oriental Press Group. The major assets of Oriental Press is an industrial building.
- (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\$28,297,000. Ever Resources was a wholly-owned subsidiary of Global Food. The major assets of Ever Resources is a property for redevelopment. Global Food and Ever Resources are subsidiaries under the Trust.
- (c) In May 2008, a wholly-owned subsidiary of the Group entered into a sale and purchase 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\$164,505,000. 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 the Trust. Genuine Gold was a wholly-owned subsidiary of Multifold Group Limited. The major assets of Genuine Gold Limited is a commercial property.

The acquisition of Oriental Press, Ever Resources and Genuine Gold were recorded as purchases of assets in the current year.

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 42. DISPOSAL OF SUBSIDIARIES

During the year ended 31st March, 2008, the Group disposed of Emperor Capital Limited and Kam lek Limited respectively. Emperor Capital Limited was disposed to ECG. The aggregate assets at the dates of disposal were as follows:

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

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.

## 43. COMMITMENTS

|  | 2009<br>HK\$'000        | 2008<br>HK\$'000 |
|--|-------------------------|------------------|
| Authorised but not contracted for in respect of:   |                         |                  |
| – property investment and development projects   | <b>2,302,223</b>        | 541,810          |
| Contracted for but not provided in the consolidated financial statements, net of deposits paid, in respect of: |                         |                  |
| – property investment and development projects   | <b>143,071</b>          | 319,652          |
| – investment properties  | <b>37,360</b>           | 708,670          |
| – property, plant and equipment  | <b>2,274</b>            | 35,175           |
|  | <u><b>2,484,928</b></u> | <u>1,605,307</u> |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 44. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31st March, 2008, the Group had future minimum lease commitments under non-cancellable operating leases in respect of rented premises of HK\$154,000 (2009: nil), which fall due within one year. Leases were negotiated for terms ranging from 1 to 2 years and the minimum rentals are pre-determined and fixed.

The Group as lessor

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

|  | <b>2009</b>           | 2008           |
|--|-----------------------|----------------|
|  | <b>HK\$'000</b>       | HK\$'000       |
| Within one year                        | <b>266,267</b>        | 169,998        |
| In the second to fifth years inclusive | <b>322,947</b>        | 134,899        |
| Over five years                        | <b>781</b>            | –              |
|  | <b><u>589,995</u></b> | <u>304,897</u> |

The properties held have committed tenants for the tenancy ranging from 1 to 6 years and the rentals are pre-determined at fixed amounts except for certain leases of which contingent rentals are charged based on the percentage of sales. The lease commitments presented above is based on the existing committed monthly minimum lease payments.

## 45. RELATED PARTY TRANSACTIONS

(a) Other than disclosed in notes 15, 35, 36, 39, 41(b) & (c) and 42, the Group also had the following significant transactions with related parties:

|  | <b>2009</b>          | 2008          |
|--|----------------------|---------------|
|  | <b>HK\$'000</b>      | HK\$'000      |
| Secretarial fee paid to a related company                                      | <b>273</b>           | –             |
| Advertising expenses paid to related companies                                 | <b>2,787</b>         | –             |
| Interest paid to a major shareholder   | –                    | 24,744        |
| Interest paid to a related company   | <b>32,586</b>        | –             |
| Share of administrative expenses by related companies and an associate         | <b>38,885</b>        | 42,445        |
| Interest received from an associate  | –                    | 1,672         |
| Professional and service fees received from an associate and related companies | <b>684</b>           | 2,351         |
| Rental received from related companies   | <b><u>82,213</u></b> | <u>40,052</u> |

The related companies represents subsidiaries owned by the Trust.

(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, 2009

## 46. SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 31st March, 2009 and 31st March, 2008, are as follows:

| Name of subsidiary                  | Place of incorporation/<br>operation | Nominal value of<br>issued ordinary<br>share capital/<br>registered capital* | Company's<br>attributable<br>equity<br>interest |           | Principal activities                          |
|-------------------------------------|--------------------------------------|--|---|-----------|---|
|                                     |                                      |  | 2009<br>%                                       | 2008<br>% |   |
| <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<br>property investment |
| Champion Collection Limited         | Hong Kong                            | 1  | 100.00  | 100.00    | Property investment                           |
| Chance Yield Development<br>Limited | Hong Kong                            | 2  | 100.00  | 100.00    | Property investment                           |
| Century Creation Limited            | Hong Kong                            | 10,000   | 100.00  | –         | Property development                          |
| Cherish Will Limited                | Hong Kong                            | 2  | 100.00  | 100.00    | Property investment                           |
| Crown Source Development<br>Limited | Hong Kong                            | 2  | 100.00  | 100.00    | Property development                          |
| Diamond Faith Company Limited       | Hong Kong                            | 2  | 100.00  | 100.00    | Property development                          |
| Diamond King Limited                | Hong Kong                            | 2  | 100.00  | 100.00    | Property investment                           |
| Distinct Rich Limited               | Hong Kong                            | 1,002  | 100.00  | 100.00    | Investment holding and<br>property investment |
| Eastgate Investments Limited        | Hong Kong                            | 2  | 100.00  | 100.00    | Property development                          |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 46. SUBSIDIARIES – continued

| Name of subsidiary                               | Place of incorporation/<br>operation | Nominal value of<br>issued ordinary<br>share capital/<br>registered capital* | Company's<br>attributable<br>equity<br>interest |           | Principal activities                      |
|--|--------------------------------------|--|---|-----------|---|
|  |                                      |  | 2009<br>%                                       | 2008<br>% |   |
| <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    | Property development                      |
| Emperor Hotel (HK) Limited                       | Hong Kong                            | 2  | <b>100.00</b>                                   | 100.00    | Property investment and hotel operations  |
| Emperor International Square Limited             | Hong Kong                            | 2  | <b>100.00</b>                                   | –         | Property investment                       |
| 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>97.19</b>                                    | 97.02     | Property development                      |
| Express Honor Enterprises Limited                | Hong Kong                            | 1  | <b>100.00</b>                                   | 100.00    | Property investment                       |
| eDaily Systems Limited                           | Hong Kong                            | 2  | <b>100.00</b>                                   | 100.00    | Property investment                       |
| Forever Crown Limited                            | Hong Kong                            | 2  | <b>100.00</b>                                   | 100.00    | Property investment                       |
| Fai Lek Limitada                                 | Macau                                | MOP25,000  | <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>                                    | 97.62     | Property development                      |
| Golden Pegasus Investment Limited                | Hong Kong                            | 100,000  | <b>100.00</b>                                   | 100.00    | Property investment                       |
| Great Future Hong Kong Limited                   | Hong Kong                            | 2  | <b>100.00</b>                                   | –         | Property investment                       |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 46. SUBSIDIARIES – continued

| Name of subsidiary                 | Place of incorporation/<br>operation | Nominal value of issued ordinary share capital/<br>registered capital* | Company's attributable equity interest |        | Principal activities |
|------------------------------------|--------------------------------------|--|--|--------|----------------------|
|                                    |                                      |  | 2009 %                                 | 2008 % |                      |
| <b>Indirectly held – continued</b> |                                      |  |  |        |                      |
| 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  |
| Joyful Star Corporation Limited    | Hong Kong                            | 1  | <b>100.00</b>                          | 100.00 | Property investment  |
| Keenpower Base Limited             | Hong Kong                            | 1  | <b>100.00</b>                          | 100.00 | Property investment  |
| Keenworld Corporation Limited      | Hong Kong                            | 1  | <b>100.00</b>                          | 100.00 | Property development |
| Lord Link Limited                  | Hong Kong                            | 1  | <b>100.00</b>                          | 100.00 | Property investment  |
| Majesty Investments Limited        | Hong Kong                            | 2  | <b>100.00</b>                          | 100.00 | Property trading     |
| Max Intelligence Limited           | Hong Kong                            | 1  | <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  |
| Profit Crest Limited               | Hong Kong                            | 1  | <b>100.00</b>                          | 100.00 | Property development |
| Rich Gallant Investment Limited    | Hong Kong                            | 2  | <b>100.00</b>                          | 100.00 | Property development |
| 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/<br>Hong Kong | US\$100  | –                                      | 100.00 | Property investment  |
| Sheen Fit International Limited    | Hong Kong                            | 10,000   | <b>100.00</b>                          | 100.00 | Property development |
| Shining Silver Limited             | Hong Kong                            | 1  | <b>100.00</b>                          | 100.00 | Property investment  |
| Super Harmony Holdings Limited     | Hong Kong                            | 1  | <b>100.00</b>                          | 100.00 | Property investment  |

# Notes to the Consolidated Financial Statements

For the year ended 31st March, 2009

## 46. SUBSIDIARIES – continued

| Name of subsidiary                  | Place of incorporation/<br>operation | Nominal value of<br>issued ordinary<br>share capital/<br>registered capital* | Company's<br>attributable<br>equity<br>interest |           | Principal activities |
|-------------------------------------|--------------------------------------|--|---|-----------|----------------------|
|                                     |                                      |  | 2009<br>%                                       | 2008<br>% |                      |
| <b>Indirectly held – continued</b>  |                                      |  |   |           |                      |
| 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                            | 1,000,000  | <b>100.00</b>                                   | 100.00    | Property development |
| World Fortune Corporation Limited   | Hong Kong                            | 2  | <b>100.00</b>                                   | 100.00    | Property investment  |
| Worthy Strong Investment Limited    | Hong Kong                            | 100  | <b>100.00</b>                                   | 100.00    | Investment holding   |
| 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, 2009 and 31st March, 2008.

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.

## Financial Summary

### RESULTS

|                               | Year ended 31st March, |                  |                  |                  |                  |
|-------------------------------|------------------------|------------------|------------------|------------------|------------------|
|                               | 2009<br>HK\$'000       | 2008<br>HK\$'000 | 2007<br>HK\$'000 | 2006<br>HK\$'000 | 2005<br>HK\$'000 |
| Turnover                      | <b>348,170</b>         | 1,770,164        | 408,514          | 985,534          | 1,005,736        |
| (Loss) profit before taxation | <b>(1,683,331)</b>     | 1,447,428        | 545,941          | 625,099          | 478,845          |
| Taxation                      | <b>145,915</b>         | (129,663)        | (55,325)         | (88,418)         | (12,573)         |
| (Loss) profit for the year    | <b>(1,537,416)</b>     | 1,317,765        | 490,616          | 536,681          | 466,272          |
| Attributable to:              |                        |                  |                  |                  |                  |
| Equity holders of the Company | <b>(1,536,985)</b>     | 1,317,917        | 487,677          | 532,392          | 466,354          |
| Minority interests            | <b>(431)</b>           | (152)            | 2,939            | 4,289            | (82)             |
|                               | <b>(1,537,416)</b>     | 1,317,765        | 490,616          | 536,681          | 466,272          |

### ASSETS AND LIABILITIES

|  | Year ended 31st March, |                  |                  |                  |                  |
|--|------------------------|------------------|------------------|------------------|------------------|
|  | 2009<br>HK\$'000       | 2008<br>HK\$'000 | 2007<br>HK\$'000 | 2006<br>HK\$'000 | 2005<br>HK\$'000 |
| Total assets   | <b>10,640,067</b>      | 10,920,846       | 8,071,525        | 5,821,463        | 4,927,333        |
| Total liabilities                                    | <b>(5,848,101)</b>     | (4,520,353)      | (3,405,265)      | (2,032,797)      | (1,583,585)      |
|  | <b>4,791,966</b>       | 6,400,493        | 4,666,260        | 3,788,666        | 3,343,748        |
| Equity attributable to equity holders of the company | <b>4,792,264</b>       | 6,400,423        | 4,665,846        | 3,792,183        | 3,351,863        |
| Minority interests                                   | <b>(298)</b>           | 70               | 414              | (3,517)          | (8,115)          |
| Shareholders' funds                                  | <b>4,791,966</b>       | 6,400,493        | 4,666,260        | 3,788,666        | 3,343,748        |



## Summary of Properties

Particulars of the Group's major investment properties and properties under development as at 31st March, 2009, are as follows:

### INVESTMENT PROPERTIES

|    | <b>Location</b>  | <b>Purpose</b>        | <b>Floor area<br/>sq.ft.</b> | <b>Car parking</b> | <b>Group's<br/>interest<br/>%</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<br>(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<br>(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<br>(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. | Unit 601, 602, 705, 801, 802, 806, 901 902, 1103, 1104, 1206, 1207, 1505, 1605, 1701, 1702, 1703, 1704, 1705, 1706, 1707, 1802, 1803, 1807, 2001, 2007, and 2101 Emperor Group Centre, 288 Hennessy Road, Wanchai, Hong Kong | Office                | 38,301<br>(G)                | –                  | 100                               |
| 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/<br>Office | 146,901<br>(G)               | 34                 | 100                               |

## Summary of Properties

### INVESTMENT PROPERTIES – continued

|     | <b>Location</b>   | <b>Purpose</b>       | <b>Floor area<br/>sq.ft.</b> | <b>Car parking</b> | <b>Group's<br/>interest<br/>%</b> |
|-----|---|----------------------|------------------------------|--------------------|-----------------------------------|
| 8.  | Emperor Plaza, 55 Chung On Street,<br>Tsuen Wan, New Territories  | Commercial           | 196,150<br>(G)               | –                  | 100                               |
| 9.  | Ground Floor and 1st Floor<br>Hong Kong Chinese Bank<br>Causeway Bay Centre<br>42-44 Yee Wo Street, Causeway Bay,<br>Hong Kong  | Commercial/<br>Shop  | 2,772<br>(S)                 | –                  | 100                               |
| 10. | Ground Floor and 1st Floor<br>523 Lockhart Road,<br>Causeway Bay,<br>Hong Kong  | Commercial           | 1,060<br>(S)                 | –                  | 100                               |
| 11. | Shop Q on Ground Floor<br>(including Mezzanine Floor),<br>Hong Kong Mansion,<br>Great George Street,<br>Causeway Bay, Hong Kong   | Shop                 | 921<br>(S)                   | –                  | 100                               |
| 12. | Shops 1-3 & 5 on Ground Floor,<br>the whole of 1st, 2nd and 3rd Floors,<br>the External Walls of Ground Floor<br>to 3rd Floor, the Flat Roof on<br>5th Floor and Parapet Walls<br>enclosing the Flat Roof on<br>5th Floor and Lift No. 1 and No. 5,<br>8 Russell Street, Causeway Bay,<br>Hong Kong | Commercial/<br>Shops | 20,727<br>(S)                | –                  | 100                               |
| 13. | Shop 1-4 Lower G/F<br>Yee Fung Building<br>1A Wong Nai Chung Road<br>Happy Valley<br>Hong Kong  | Shops                | 2,610<br>(S)                 | –                  | 100                               |
| 14. | Ground Floor,<br>4 Canton Road,<br>Tsimshatsui,<br>Kowloon  | Shop                 | 710<br>(S)                   | –                  | 100                               |

## Summary of Properties

### INVESTMENT PROPERTIES – continued

|     | <b>Location</b>   | <b>Purpose</b>          | <b>Floor area<br/>sq.ft.</b> | <b>Car parking</b> | <b>Group's<br/>interest<br/>%</b> |
|-----|---|-------------------------|------------------------------|--------------------|-----------------------------------|
| 15. | Unit A and B on 10th Floor<br>Cheung Ka Industrial Building<br>179-180 Connaught Road West<br>and 345-345A<br>Des Voeux Road West<br>Hong Kong  | Industrial              | 9,448<br>(S)                 | –                  | 100                               |
| 16. | Unit A to H on 17th Floor<br>and Vehicle Parking Space<br>No. 7 on G/F<br>Hong Kong Industrial Building<br>444-452 Des Voeux Road West<br>Hong Kong                                   | Industrial/<br>Carpark  | 11,554<br>(S)                | 1                  | 100                               |
| 17. | Units C, D and G on 18th Floor<br>Unit H on 1st Floor and<br>Vehicle Parking Spaces<br>Nos. 11-12 on G/F<br>Hong Kong Industrial Building<br>444-452 Des Voeux Road West<br>Hong Kong | Industrial/<br>Carparks | 6,060<br>(S)                 | 2                  | 100                               |
| 18. | Shops A & B on Ground Floor<br>Hong Kong Industrial Building<br>444-452 Des Voeux Road West<br>Hong Kong  | Industrial              | 14,211<br>(S)                | –                  | 100                               |
| 19. | Shops Nos. 7-11 & Entrance on<br>Ground Floor, the whole of<br>1st to 5th Floors<br>Wei Kei Building<br>275 Chatham Road North<br>Hung Hom<br>Kowloon                                 | Commercial              | 12,994<br>(S)                | –                  | 100                               |
| 20. | The Ulfert Centre<br>4 Kin Fat Lane<br>Tuen Mun<br>New Territories  | Industrial              | 180,595<br>(G)               | –                  | 100                               |
| 21. | G/F, Portion B, 63-69 Avenida<br>De Infante D. Henrique and<br>Shop C2 on G/F<br>No. 5 Rua Dr. Pedro Jose Lobo<br>Macau   | Commercial              | 1,167<br>(S)                 | –                  | 100                               |

## Summary of Properties

### INVESTMENT PROPERTIES – continued

|     | <b>Location</b>   | <b>Purpose</b>             | <b>Floor area<br/>sq.ft.</b> | <b>Car parking</b> | <b>Group's<br/>interest<br/>%</b> |
|-----|---|----------------------------|------------------------------|--------------------|-----------------------------------|
| 22. | 66 Jardine's Bazaar,<br>Causeway Bay,<br>Hong Kong  | Shops/Residential          | 4,012<br>(S)                 | –                  | 100                               |
| 23. | Shops A, B & E, G/F,<br>Hung Hei Mansion,<br>5-8 Queen's Victoria Road,<br>Central,<br>Hong Kong                  | Shop                       | 2,272<br>(S)                 | –                  | 100                               |
| 24. | Shops 1-6, G/F and 1-2/F,<br>1st and 2nd Advertising Walls,<br>525 Shanghai Street,<br>Mongkok,<br>Kowloon        | Commercial                 | 20,727<br>(S)                | –                  | 100                               |
| 25. | Unit C, 6/F,<br>CNT Tower<br>Wanchai,<br>Hong Kong  | Office                     | 905<br>(S)                   | –                  | 100                               |
| 26. | B/F, G/F, 1/F -4/F of Block A,<br>No. 201-209 Avenida De<br>Almeida Riberiro,<br>No. 1-3 Paro Das Esquinas, Macau | Commercial                 | 11,243<br>(S)                | –                  | 100                               |
| 27. | 71-75 Avenida Do Infante. D. Henrique<br>514-540 Avenida Da Praia Grande,<br>Macau                                | Commercial/<br>Residential | 10,167<br>(S)                | –                  | 100                               |
| 28. | Flat A & C, 12/F and Flat B, 17/F,<br>Ying Fai Court, 1 Ying Fai Terrace,<br>Hong Kong                            | Residential                | 1,387<br>(S)                 | –                  | 100                               |
| 29. | B1, B2 and 3/F,<br>The Emperor (Happy Valley) Hotel,<br>1A Wang Tak Street,<br>Happy Valley,<br>Hong Kong         | Commercial                 | 16,128<br>(G)                | –                  | 100                               |

## Summary of Properties

### INVESTMENT PROPERTIES – continued

|     | <b>Location</b>   | <b>Purpose</b>             | <b>Floor area<br/>sq.ft.</b> | <b>Car parking</b> | <b>Group's<br/>interest<br/>%</b> |
|-----|---|----------------------------|------------------------------|--------------------|-----------------------------------|
| 30. | Emperor International Square,<br>7 Wang Tai Road,<br>Kowloon Bay,<br>Kowloon                                | Industrial                 | 311,704<br>(G)               | –                  | 100                               |
| 31. | Shop A, D2 & E2, G/F,<br>Harilela Mansion,<br>81 Nathan Road,<br>Tsimshatsui,<br>Kowloon                    | Shops                      | 2,296<br>(S)                 | –                  | 100                               |
| 32. | 153-157 Castle Peak Road,<br>Yuen Long,<br>New Territories  | Commercial/<br>Residential | 4,952<br>(S)                 | –                  | 100                               |
| 33. | Shop A and Shop B, G/F, 1A, 1B,<br>50-52 Russell Street,<br>Causeway Bay,<br>Hong Kong                      | Commercial/<br>Shops       | 2,704<br>(S)                 | –                  | 100                               |
| 34. | G/F, M/F, 2A, B, C, 3A, B, C,<br>4A, B, C, 5A, B, C,<br>54-56 Russell Street,<br>Causeway Bay,<br>Hong Kong | Commercial/<br>Residential | 7,623<br>(S)                 | –                  | 100                               |
| 35. | G/F, 20 Russell Street,<br>Causeway Bay,<br>Hong Kong   | Shop                       | 648<br>(S)                   | –                  | 100                               |

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

## Summary of Properties

### PROPERTIES UNDER DEVELOPMENT

|    | <b>Property</b>   | <b>Purpose</b>             | <b>Site Area</b><br>sq.ft. | <b>Estimated<br/>Gross Floor<br/>Area</b><br>sq.ft. | <b>Stage of<br/>Completion</b>     | <b>Estimated<br/>Completion Date</b> | <b>Car<br/>Parking</b> | <b>Group's<br/>Interest<br/>%</b> |
|----|---|----------------------------|----------------------------|---|------------------------------------|--------------------------------------|------------------------|-----------------------------------|
| 1. | Phase II of Riverside Garden,<br>Hubin Bei Road, Xiamen,<br>Fujian Province,<br>The People's Republic<br>of China   | Commercial/<br>Residential | 79,890                     | 440,000   | Superstructure<br>up to roof level | 2009                                 | 173                    | 97                                |
| 2. | 26 – 30 Beach Road<br>Repulse Bay<br>Hong Kong  | Commercial                 | 45,530                     | 166,835   | Superstructure up<br>to roof level | 2009                                 | 125                    | 97                                |
| 3. | Lot Nos. 299sC, 299RP,<br>302-304, 305sA, 306sA,<br>307sA, 308, 309RP, 342,<br>343sAss1 and 372-382 in<br>Demarcation District No. 210,<br>Ho Chung, Sai Kung,<br>New Territories | Residential                | 71,464                     | 23,010  | Site                               | 2013                                 | –                      | 100                               |
| 4. | Lot Nos. 300, 305RP, 306RP,<br>307RP, 343sAss2, 344, 345,<br>346, 347, 349RP, 353sA,<br>DD210, Sai Kung NT  | Residential                | 28,352                     | 11,345  | Site                               | 2013                                 | –                      | 100                               |
| 5. | 454-462A<br>Des Voeux Road West,<br>and 3 Cheung Kan Lane,<br>Hong Kong   | Residential                | 12,461                     | 94,491  | Site                               | 2013                                 | –                      | 100                               |

## Summary of Properties

### PROPERTIES UNDER DEVELOPMENT – continued

|    | Property  | Purpose                    | Site Area<br>sq.ft. | Estimated<br>Gross Floor<br>Area<br>sq.ft. | Stage of<br>Completion | Estimated<br>Completion Date | Car<br>Parking | Group's<br>Interest<br>% |
|----|---|----------------------------|---------------------|--|------------------------|------------------------------|----------------|--------------------------|
| 6. | 18-28 Shing On Street,<br>G/F and Cockloft,<br>36 Shing On Street<br>Sai Wan Ho,<br>Hong Kong         | Commercial/<br>Residential | 4,382               | 44,000                                     | Site                   | 2012                         | –              | 100                      |
| 7. | 96 – 106 Java Road,<br>North Point,<br>Hong Kong  | Hotel                      | 6,818               | 102,270                                    | Site                   | 2012                         | –              | 100                      |
| 8. | 396-400 Prince Edward<br>Road West,<br>Kowloon City,<br>Kowloon                                       | Commercial/<br>Residential | 3,319               | 29,870                                     | Site                   | 2012                         | –              | 100                      |
| 9. | 北京長安大街凱特大廈<br>A parcel of land located<br>at Yong An Xi Li,<br>Chaoyang District,<br>Beijing, The PRC | Commercial                 | 88,417              | 996,520<br>(incl. basement)                | Uncleared site         | 2012                         | –              | 100                      |