1. PRINCIPAL ACCOUNTING POLICIES

(a) Statement of compliance

These accounts have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (which include all applicable Statements of Standard Accounting Practice ("SSAPs") and Interpretations) issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These accounts also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the principal accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the accounts

The measurement basis used in the preparation of the accounts is historical cost modified by the revaluation of investment properties and the marking to market of certain investments in securities as explained in the accounting policies set out below.

(c) Basis of consolidation

(i) Subsidiaries and controlled companies

A subsidiary, in accordance with the Hong Kong Companies Ordinance, is a company in which the Group, directly or indirectly, holds more than half of the issued share capital, controls more than half of the voting power or controls the composition of the board of directors. Subsidiaries are considered to be controlled if the Company has the power, directly or indirectly, to govern the financial and operating policies, so as to obtain benefits from their activities.

An investment in a controlled subsidiary is consolidated into the consolidated accounts, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Group, in which case, it is stated in the balance sheet at fair value with changes in fair value recognised in the same way as for investments in securities.

Intra-group balances and transactions, and any unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated accounts. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

In the Company's balance sheet, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(f)), unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions which significantly impair its ability to transfer funds to the Company, in which case, it is stated at fair value with changes in fair value recognised in the same way as for investments in securities.

(ii) Associates

An associate is a company in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated accounts under the equity method and is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the associate's net assets, unless it is acquired and held exclusively with a view to subsequent disposal in the near future or operates under severe long-term restrictions that significantly impair its ability to transfer funds to the Group, in which case, it is stated at fair value with changes in fair value recognised in the same way as for investments in securities. The profit and loss account reflects the Group's share of the post-acquisition results of the associates for the year, including any amortisation of positive or negative goodwill charged or credited during the year in accordance with note 1(c)(iii). When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. If there is evidence of impairment in value of the assets transferred, the unrealised losses will be recognised immediately in the profit and loss account.

(iii) Goodwill/negative goodwill

The Group has adopted SSAP 30 "Business combinations" issued by the Hong Kong Society of Accountants with effect from 1 April 2001. In doing so the Group has relied upon the transitional provisions set out in SSAP 30 such that goodwill/negative goodwill arising on acquisition of a subsidiary or an associate by the Group prior to 1 April 2001, representing the excess/shortfall of the cost of investment over the appropriate share of the fair value of the identifiable assets and liabilities acquired, has been written off against/taken to capital reserves in the period in which it arose and has not been restated.

For acquisitions after 1 April 2001, goodwill is recognised as an asset and is amortised to the profit and loss account on a straight-line basis over its estimated useful life. Negative goodwill which relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, is recognised in the profit and loss account when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the profit and loss account over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the profit and loss account.

On disposal of a controlled subsidiary or an associate, any attributable amount of purchased goodwill not previously amortised through the profit and loss account or which has previously been dealt with as a movement on Group reserves is included in the calculation of the profit or loss on disposal.

The carrying amount of goodwill is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists an impairment loss is recognised as an expense in the profit and loss account.

(d) Properties

(i) Investment properties

Investment properties are defined as properties which are income producing and intended to be held for the long term, and such properties are included in the balance sheet at their open market value, on the basis of an annual professional valuation. Changes in the value of investment properties are dealt with as movements in the investment property revaluation reserves. If the total of these reserves is insufficient to cover a deficit, on a portfolio basis, the excess of the deficit is charged to the profit and loss account. When a surplus arises on subsequent revaluation on a portfolio basis, it will be credited to the profit and loss account if and to the extent that a deficit on revaluation had previously been charged to the profit and loss account.

On disposal of investment properties, the revaluation surplus or deficit previously taken to the investment property revaluation reserves is included in calculating the profit or loss on disposal.

(ii) Properties under development for sale

Properties under development for sale are classified under current assets and stated at the lower of specifically identified cost, including capitalised borrowing costs, and net realisable value. Net realisable value is determined by management, based on prevailing market conditions.

The amount of any write down of or provision for properties under development for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the profit and loss account in the period in which the reversal occurs.

Profit on pre-sale of properties under development for sale is recognised over the course of the development and is calculated each year as a proportion of the total estimated profit to completion; the proportion used being the lower of the proportion of construction costs incurred at the balance sheet date to estimated total construction costs and the proportion of sales proceeds received and receivable at the balance sheet date to total sales proceeds in respect of the units sold.

Borrowing costs on loans relating to properties under development for sale are capitalised up to the date of practical completion of development.

(iii) Properties held for sale

Properties held for sale are classified under current assets and stated at the lower of cost and net realisable value. Cost is determined by apportionment of the total development cost, including borrowing costs capitalised, attributable to unsold units. Net realisable value is determined by management, based on prevailing market conditions.

The amount of any write down of or provision for properties held for sale is recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down or provision arising from an increase in net realisable value is recognised in the profit and loss account in the period in which the reversal occurs.

(e) Depreciation

(i) Investment properties

No depreciation is provided in respect of investment properties with an unexpired lease term of more than 20 years since the valuation takes into account the state of each property at the date of valuation. Investment properties held on leases with an unexpired period of 20 years or less are depreciated over the remaining portion of the leases.

(ii) Other fixed assets

Depreciation is provided on a straight line basis on the cost of other fixed assets at rates determined by the estimated useful lives of the assets of between 3 to 10 years.

(f) Impairment of assets

The carrying amounts of assets, other than properties carried at revalued amounts, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. An impairment loss is recognised in the profit and loss account whenever the carrying amount exceeds the recoverable amount.

(i) Recoverable amount

The recoverable amount of an asset is the greater of its net selling price and value in use.

(ii) Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is reversed only if the loss was caused by a specific external event of an exceptional nature that is not expected to recur, and the increase in recoverable amount relates clearly to the reversal of the effect of that specific event.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to the profit and loss account in the year in which the reversals are recognised.

(g) Investments in securities

(i) Held-to-maturity securities are stated in the balance sheet at amortised cost less any provisions for diminution in value.

The carrying amounts of held-to-maturity securities are reviewed as at the balance sheet date in order to assess the credit risk and whether the carrying amounts are expected to be recovered. Provisions are made when carrying amounts are not expected to be recovered and are recognised as an expense in the profit and loss account for each security individually.

(ii) Non-trading securities are classified as long-term investments and stated in the balance sheet at fair value. Changes in fair value are recognised in the investment revaluation reserves until the security is sold, collected or otherwise disposed of or until there is objective evidence that the security is impaired, at which time the relevant cumulative surplus or deficit is transferred from the investment revaluation reserves to the profit and loss account.

Transfers from the investment revaluation reserves to the profit and loss account as a result of impairments are reversed when the circumstances and events that led to the impairment cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Profits or losses on disposal of non-trading securities are determined as the difference between the net disposal proceeds and the carrying amount of the securities and are recognised in the profit and loss account as they arise. On disposal of non-trading securities, the relevant revaluation surplus or deficit previously taken to the investment revaluation reserves is also transferred to the profit and loss account for the year.

(iii) Trading securities are classified as short-term investments under current assets and stated in the balance sheet at fair value. Changes in fair value are recognised in the profit and loss account as they arise.

(h) Cash and cash equivalents

The Group defines cash and cash equivalents as cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, which were within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are also included as a component of cash and cash equivalents for the purpose of the cash flow statement.

(i) Foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the exchange rates ruling at the transaction dates. Monetary foreign currency balances and the balance sheets of overseas subsidiaries and associates are translated into Hong Kong dollars at the rates of exchange ruling at the balance sheet date. The profit and loss accounts of overseas subsidiaries are translated into Hong Kong dollars at the average exchange rates for the year. Differences on foreign currency translation are dealt with in the profit and loss account with the exception of those arising on the translation of the accounts of overseas subsidiaries or associates which are dealt with in capital reserves. On disposal of an overseas subsidiary or associate, the cumulative amount of the exchange difference which related to that overseas subsidiary or associate is included in the calculation of the profit or loss on disposal.

Gains or losses on outstanding forward contracts computed by reference to the forward rates at the balance sheet date are dealt with in the profit and loss account. Gains and losses on forward contracts entered into as hedges against net investments in overseas subsidiaries and associates are offset as reserve movements against the exchange differences arising on the retranslation of the net investments.

(j) Assets held for use in operating leases

Where the Group leases out assets under operating leases, the assets are included in the balance sheet according to their nature and, where applicable, are depreciated in accordance with the Group's depreciation policies, as set out in note 1(e) above. Revenue arising from operating leases is recognised in accordance with the Group's revenue recognition policies, as set out in note 1(k)(i) below.

(k) Recognition of revenue

(i) Rental income under operating leases is recognised in the profit and loss account in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the profit and loss account as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(ii) Income from sale of completed property is recognised upon signing of the sale and purchase agreement and income from pre-sale of property under development for sale is recognised over the course of development (see note 1 (d)(ii)).

(iii) Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(iv) Interest income from dated debt securities intended to be held to maturity is recognised as it accrues, as adjusted by the amortisation of the premium or discount on acquisition, so as to achieve a constant rate of return over the period from the date of purchase to the date of maturity.

(v) Interest income is accrued on a time-apportioned basis by reference to the principal outstanding and at the rate applicable.

(l) Income taxes

(i) Income tax for the year comprises current tax and deferred tax. Income tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

(ii) Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

(iii) Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Deferred tax is provided, using the balance sheet liability method, in respect of all temporary differences arising between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profits, with limited exceptions. Deferred tax liabilities are provided in full on all temporary differences while deferred tax assets relating to carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

(m) Borrowing costs

Borrowing costs are expensed in the profit and loss account in the year in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial time to get ready for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(n) Related parties

For the purposes of these accounts, a party is considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or *vice versa*, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(o) Provisions

Provisions are recognised for liabilities of uncertain timing or amount when the Company or the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(p) Segment reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products, or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group companies within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing borrowings and corporate and financing expenses.

(q) Employee benefits

(i) Defined contribution retirement schemes

Contributions to the schemes are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the schemes prior to vesting fully in the contributions. The assets of the schemes are held separately from those of the Group in independently administered funds.

(ii) Central Provident Fund in Singapore

Contributions to the Central Provident Fund in Singapore as required under the Central Provident Fund Act are charged to the profit and loss account when incurred.

(iii) Salaries, annual bonuses, paid annual leave, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. SEGMENT INFORMATION

(a) Business segments

(i) Revenue and results

	Segment Revenue		Segment Results	
	2004	2003	**2004**	2003
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Property development	**1,153.9**	1,436.2	**180.4**	286.6
Property investment	**260.9**	275.3	**183.7**	199.0
Investment and others	**187.5**	287.5	**174.9**	278.0
	1,602.3	1,999.0	**539.0**	763.6
Unallocated expenses			**(4.8)**	(7.9)
Operating profit			**534.2**	755.7
Borrowing costs			**(51.5)**	(102.8)
Write back of provision/(provision) for properties				
Property development			**(4.6)**	(658.6)
Property investment			**28.8**	(500.8)
Associates				
Property development			**705.2**	85.1
Investment and others			**15.3**	7.0
Provision for properties			**(8.0)**	(548.7)
Profit/(loss) before taxation			**1,219.4**	(963.1)

(ii) Assets and liabilities

	Assets		**Liabilities**	
				(Restated)
	2004	2003	**2004**	2003
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Property development	**4,295.8**	2,703.5	**269.8**	337.6
Property investment	**3,282.3**	3,172.6	**98.6**	113.9
Investment and others	**5,371.2**	3,563.7	**15.0**	13.5
Segment assets and liabilities	**12,949.3**	9,439.8	**383.4**	465.0
Associates				
Property development	**1,694.3**	3,358.3	**–**	–
Investment and others	**64.0**	85.2	**–**	–
Unallocated items	**1,987.5**	2,802.1	**2,412.9**	4,309.2
Total assets and liabilities	**16,695.1**	15,685.4	**2,796.3**	4,774.2

Unallocated items mainly comprise financial and corporate assets, interest-bearing borrowings and corporate and financing expenses.

The Group has no significant capital expenditure and depreciation and amortisation.

(b) Geographical segments

(i) Revenue and results

	Segment Revenue		**Segment Results (Operating profit)**	
	2004	2003	**2004**	2003
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
Hong Kong	**565.9**	927.8	**279.8**	272.8
Singapore	**1,036.4**	1,071.2	**254.4**	482.9
	1,602.3	1,999.0	**534.2**	755.7

(ii) Assets

	Assets	
	2004	2003
	HK$ Million	HK$ Million
Hong Kong	**6,506.6**	5,354.0
Singapore	**6,442.7**	4,085.8
	12,949.3	9,439.8

3. TURNOVER AND OPERATING PROFIT

(a) Turnover

The principal activities of the Group are property development, property investment, treasury management and investment holding. An analysis of the Group's turnover is as follows:

	Group	
	2004	2003
	HK$ Million	HK$ Million
Property development	**1,153.9**	1,436.2
Property investment	**260.9**	275.3
Investment and others	**187.5**	287.5
	1,602.3	1,999.0

(b) Operating profit

	Group	
	2004	2003
	HK$ Million	HK$ Million
Operating profit is arrived at:		
after charging:		
Staff costs	**12.6**	15.5
– including contributions to defined contribution retirement schemes of HK$2.1 million (2003: HK$1.5 million)		
Cost of properties sold	**917.9**	1,096.8
Depreciation	**1.0**	0.9
Auditors' remuneration	**1.6**	1.4
after crediting:		
Rental income from operating leases less outgoings	**190.2**	216.4
– including gross rental income from investment properties of HK$245.5 million (2003: HK$259.0 million) of which HK$0.4 million (2003: HK$1.4 million) is contingent rentals		
Dividend income from listed securities	**136.4**	177.0
Amortisation of negative goodwill	**63.8**	–

Staff costs of HK$10.3 million (2003: HK$7.2 million) were capitalised as part of the costs of properties under development for sale.

(c) Directors' emoluments

	Group	
	2004	2003
	HK$ Million	HK$ Million
Fees	**0.1**	0.1
Salaries and other benefits	**–**	–
Retirement scheme contributions	**–**	–
Discretionary bonuses and/or performance-related bonuses	**–**	–
Compensation for loss of office	**–**	–
Inducement for joining the Group	**–**	–

For the year under review, total emoluments (including any reimbursement of expenses) amounting to HK$51,584 (2003: HK$40,000), being wholly in the form of Directors' fees, were paid/payable to independent non-executive Directors of the Company.

The aggregate emoluments paid or payable by the Company and/or its subsidiaries for the two financial years ended 31 March 2004 and 31 March 2003 in respect of each of the persons who was a Director of the Company at any time during the years amounted to less than HK$1,000,000.

(d) Five highest paid employees

Set out below are analyses of the emoluments (excluding amounts paid or payable by way of commissions on sales generated by the employees concerned) for the year ended 31 March 2004 of the five highest paid employees of the Group, none of whom is a Director of the Company:

(i) Aggregate emoluments

	2004	2003
	HK$ Million	HK$ Million
Basic salaries, housing allowances, other allowances and benefits in kind	**5.1**	4.9
Retirement scheme contributions	**0.3**	0.3
Discretionary bonuses and/or performance-related bonuses	**0.6**	2.1
Compensation for loss of office	**–**	–
Inducement for joining the Group	**–**	–
	6.0	7.3

(ii) Bandings

	2004	2003
Bands (in HK$)	**Number**	Number
Not more than $1,000,000	**2**	2
$1,000,001 – $1,500,000	**2**	2
$1,500,001 – $2,000,000	**1**	–
$3,000,001 – $3,500,000	**–**	1
	5	5

4. OTHER NET INCOME

	Group 2004 HK$ Million	2003 HK$ Million
Net profit/(loss) on disposal of non-trading equity securities	**10.0**	(2.0)
Impairment of non-trading equity securities	**(41.4)**	–
Amortisation of negative goodwill	**63.8**	–
Others	**(9.3)**	5.7
	23.1	3.7

Included in the net profit/loss on disposal of non-trading equity securities is a net deficit, before deduction of minority interests, of HK$29.6 million (2003: HK$16.6 million) transferred from the investment revaluation reserves.

5. BORROWING COSTS

	Group 2004 HK$ Million	2003 HK$ Million
Interest payable on bank loans and overdrafts	**39.7**	86.1
Other borrowing costs	**22.6**	19.0
	62.3	105.1
Less: Amount capitalised	**(10.8)**	(2.3)
	51.5	102.8

The Group's effective borrowing rate for the year was approximately 2.0% (2003: 2.6%) per annum.

6. SHARE OF PROFITS LESS LOSSES OF ASSOCIATES

Share of profits less losses of associates for the year ended 31 March 2004 amounted to HK$712.5 million, comprising mainly the attributable profits from sale of units in Sorrento and Parc Palais. The loss of HK$456.6 million for the previous year principally comprised the attributable losses in respect of provision for the impairment in value of the Bellagio and the Sorrento projects.

7. INCOME TAX

(a) The provision for Hong Kong profits tax is based on the profit for the year as adjusted for tax purposes at the rate of 17.5% (2003: 16%). Overseas taxation is calculated at rates of tax applicable in countries in which the Group is assessed for tax. The taxation charge is made up as follows:

	Group	
		(Restated)
	2004	2003
	HK$ Million	HK$ Million
Company and subsidiaries		
Current tax		
Hong Kong profits tax for the year	**9.9**	25.4
Overseas taxation for the year	**17.8**	164.7
Overprovision in prior years *(Note ii)*	**(9.6)**	(102.7)
	18.1	87.4
Deferred tax (Note 25)		
Origination and reversal of temporary differences	**9.4**	(55.9)
Overprovision in prior years	**–**	(20.5)
Effect of change in tax rates	**(4.1)**	(17.5)
	5.3	(93.9)
	23.4	(6.5)
Associates		
Hong Kong profits tax for the year	**72.9**	–
Overseas taxation for the year	**7.2**	6.6
	80.1	6.6
	103.5	0.1

(b) Reconciliation between the actual total tax charge and accounting profit/(loss) at applicable tax rates

	2004	(Restated) 2003
	HK$ Million	HK$ Million
Profit/(loss) before taxation	**1,219.4**	(963.1)
Notional tax on accounting profit/(loss) calculated at applicable tax rates	**220.2**	(151.6)
Tax effect of non-deductible expenses	**18.5**	248.4
Tax effect of non-taxable revenue	**(87.3)**	(30.9)
Tax effect of unused tax losses not recognised	**14.6**	77.2
Tax effect of prior year's tax losses utilised this year	**(48.8)**	(2.3)
Overprovision in prior years	**(9.6)**	(123.2)
Effect of change in tax rates	**(4.1)**	(17.5)
Actual total tax charge	**103.5**	0.1

Notes:

(i) *In March 2003, the Hong Kong Government enacted a change in the profits tax rate from 16.0% to 17.5% for the fiscal year 2003/04. In February 2004, the Singapore Government enacted a change in the income tax rate from 22.0% to 20.0% for the fiscal year 2004 (2003: change from 24.5% to 22.0%).*

(ii) *The overprovision for the year ended 31 March 2003 represented the write-back of a tax provision resulting from the reduction of the Singapore income tax rate as mentioned above.*

8. GROUP PROFIT/LOSS ATTRIBUTABLE TO SHAREHOLDERS

The Group profit/loss attributable to shareholders is dealt with in the accounts of the Company to the extent of a profit of HK$1,002.7 million (2003: HK$44.3 million).

9. DIVIDENDS

(a) Dividends attributable to the year

	2004	2003
	HK$ Million	HK$ Million
Interim dividend approved and paid of 2.0 cents (2003: 2.0 cents) per share	**41.4**	41.4
Final dividend proposed after the balance sheet date of 5.0 cents (2003: 5.0 cents) per share	**103.5**	103.5
	144.9	144.9

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends attributable to the previous financial year, approved and paid during the year

	2004	2003
	HK$ Million	HK$ Million
Final dividend in respect of the previous financial year, approved and paid during the year, of 5.0 cents (2003: 5.0 cents) per share	**103.5**	103.5

10. EARNINGS/LOSS PER SHARE

The calculation of basic earnings/loss per share is based on profit for the year of HK$1,053.7 million (2003 restated: loss of HK$792.9 million) and 2,069.6 million ordinary shares in issue throughout the two financial year ended 31 March 2004.

11. CHANGE IN ACCOUNTING POLICY

SSAP 12 (revised) "Income taxes"

In prior years, deferred tax liabilities were provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure, which were expected with reasonably probability to crystallise in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt.

With effect from 1 April 2003, in order to comply with SSAP 12 (revised) "Income taxes" issued by the Hong Kong Society of Accountants, the Group adopted a new accounting policy for deferred tax as set out in note 1(l). The new accounting policy has been adopted retrospectively. In adjusting prior years' figures, revenue reserves as at 1 April 2003 were restated and decreased by HK$44.4 million (1 April 2002: HK$33.3 million) whilst investment revaluation reserves at 1 April 2003 were increased by HK$0.7 million (1 April 2002: HK$Nil). The adjustments represented the deferred tax liability recognised in respect of temporary differences relating to fixed assets and unremitted profits of certain overseas subsidiaries net of deferred tax assets in respect of tax losses recognised to the extent that it is probable that future taxable profits will be available against which the assets can be utilised. In addition, the Group's profit/loss attributable to shareholders for the year ended 31 March 2004 has decreased by HK$5.4 million (2003: HK$11.1 million) and the net assets as at the year end have been decreased by HK$57.1 million (2003: HK$43.7 million) as a result of the adoption of SSAP 12 (revised).

12. FIXED ASSETS

	Investment properties HK$ Million	Other fixed assets HK$ Million	Total HK$ Million
Group			
Cost or valuation			
At 1 April 2003	3,161.3	7.9	3,169.2
Exchange differences	86.5	0.4	86.9
Additions	3.8	1.0	4.8
Disposals	(8.2)	(1.1)	(9.3)
Revaluation surplus	28.8	–	28.8
At 31 March 2004	3,272.2	8.2	3,280.4
Accumulated depreciation			
At 1 April 2003	–	6.1	6.1
Exchange differences	–	0.3	0.3
Charge for the year	–	1.0	1.0
Written back on disposals	–	(0.8)	(0.8)
At 31 March 2004	–	6.6	6.6
Net book value			
At 31 March 2004	3,272.2	1.6	3,273.8
At 31 March 2003	3,161.3	1.8	3,163.1

(a) The analysis of cost or valuation of the above assets is as follows:

Balance at 31 March 2004			
2004 valuation	3,272.2	–	3,272.2
At cost	–	8.2	8.2
	3,272.2	8.2	3,280.4
Balance at 31 March 2003			
2003 valuation	3,161.3	–	3,161.3
At cost	–	7.9	7.9
	3,161.3	7.9	3,169.2

(b) Tenure of title to properties:

	2004 HK$ Million	2003 HK$ Million
Long lease		
Held in Hong Kong	**1,613.3**	1,588.9
Held outside Hong Kong	**1,658.9**	1,572.4
	3,272.2	3,161.3

(c) Properties revaluation

The Group's investment properties in Hong Kong and Singapore have been revalued as at 31 March 2004 by Wharf Estates Development Limited, a related company engaged in professional valuation, and CB Richard Ellis (Pte) Ltd, an independent firm of property consultants, respectively, on an open market value basis, after taking into consideration the net rental income allowing for reversionary potential and the redevelopment potential of the properties where appropriate.

The surplus arising on revaluation is dealt with in the profit and loss account in accordance with the Group's accounting policies.

(d) The gross amount of fixed assets of the Group held for use in operating leases was HK$3,272.2 million (2003: HK$3,161.3 million).

(e) The Group leases out properties under operating leases, which generally run for an initial period of one to six years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease income may be varied periodically to reflect market rentals and may contain a contingent rental element which is based on various percentages of tenants' sales receipts.

(f) The Group's total future minimum lease income under non-cancellable operating leases is receivable as follows:

	Group	
	2004 HK$ Million	2003 HK$ Million
Within 1 year	**175.6**	192.3
After 1 year but within 5 years	**165.5**	202.8
After 5 years	**0.1**	4.7
	341.2	399.8

13. SUBSIDIARIES

	Company 2004 HK$ Million	Company 2003 HK$ Million
Unlisted shares, at cost	**2,544.9**	1,837.6
Amounts due (to)/from subsidiaries	**(383.8)**	984.8
	2,161.1	2,822.4

Details of principal subsidiaries at 31 March 2004 are shown on page 55.

14. ASSOCIATES

	Group 2004 HK$ Million	Group 2003 HK$ Million
Share of net deficits	**(408.7)**	(932.4)
Amounts due from associates	**2,227.1**	4,397.1
Amounts due to associates	**(60.1)**	(21.2)
	1,758.3	3,443.5

(a) Included in the amounts due from associates are loans and advances made by the Group to certain associates of HK$2,181.0 million (2003: HK$4,361.0 million) involved in the Sorrento, the Bellagio and the Parc Palais projects. Such loans and advances are in proportion to the Group's equity interest in the respective associates.

An advance in the amount of HK$1,773.6 million (2003: HK$2,447.9 million) for the Bellagio project bears interest at such rate as may from time to time be agreed by the shareholders of the associate. For the current financial year, the advance is interest free, unsecured and has no fixed terms of repayment.

A loan in the amount of HK$215.5 million (2003: HK$1,617.0 million) for the Sorrento project bears interest at rates as determined by shareholders of the associate with reference to the prevailing market rates which were between 0.7% to 2.1% (2003: 2.5% to 3.5%) per annum for the current financial year. Interest income in respect of the loan to the associate for the year ended 31 March 2004 amounted to HK$17.1 million (2003: HK$55.8 million). The loan is unsecured and has no fixed terms of repayment.

An advance in the amount of HK$191.9 million (2003: HK$296.1 million) for the Parc Palais project bears interest at such rate as may from time to time be agreed by the shareholders of the associate. For the current financial year, the advance is interest free, unsecured and has no fixed terms of repayment.

(b) The following supplementary information is disclosed relating to significant associates of the Group:

	2004 HK$ Million	2003 HK$ Million
(i) Diamond Hill Development Holdings Limited		
Consolidated balance sheet		
Non-current assets	**251.4**	281.4
Current assets	**3,235.0**	5,232.8
Current liabilities	**(441.7)**	(520.2)
Non-current liabilities	**(5,320.8)**	(7,343.8)
Consolidated profit and loss account		
Turnover	**1,099.3**	2,922.1
Profit/(loss) for the year	**73.8**	(534.8)
(ii) Hopfield Holdings Limited		
Consolidated balance sheet		
Non-current assets	**154.4**	–
Current assets	**970.0**	5,453.4
Current liabilities	**(582.1)**	(1,851.2)
Non-current liabilities	**(538.9)**	(4,042.3)
Consolidated profit and loss account		
Turnover	**4,358.5**	3,083.6
Profit/(loss) for the year	**708.5**	(476.8)
(iii) Grace Sign Limited		
Balance sheet		
Current assets	**2,777.4**	2,984.5
Current liabilities	**(570.0)**	(6.3)
Non-current liabilities	**(959.2)**	(2,978.4)
Profit and loss account		
Turnover	**4,263.5**	–
Profit for the year	**1,248.2**	–

(c) Details of principal associates at 31 March 2004 are shown on page 56.

15. LONG-TERM INVESTMENTS

	Group 2004 HK$ Million	2003 HK$ Million
Non-trading equity securities, at market value		
Listed in Hong Kong	**4,128.8**	2,749.1
Listed outside Hong Kong	**981.8**	557.9
	5,110.6	3,307.0
Unlisted investments, at market value	**55.2**	–
	5,165.8	3,307.0

Included in the above equity securities are investments in a listed company the carrying value of which constituted more than 10% of the Group's total assets at 31 March 2004. Details of this listed company are shown as follows:

Name of company	**Place of incorporation**	**Percentage of total issued ordinary shares held**
The Wharf (Holdings) Limited	Hong Kong	7.0

16. DEFERRED DEBTORS

Deferred debtors represent receivables due after more than one year.

17. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD FOR SALE

(a) The amount of properties under development for sale and held for sale carried at net realisable value is HK$871.3 million (2003: HK$2,398.4 million).

(b) Properties under development for sale in the amount of HK$2,317.7 million (2003: HK$473.1 million) are expected to be completed after more than one year.

(c) Properties under development for sale with a carrying value of HK$1,827.1 million (2003: HK$1,499.9 million) are pledged as security for banking facilities made available to the Group.

(d) The carrying amount of properties under development for sale of the Group temporary held for use in operating leases, which run for a period of one to two years with no option to renew upon expiry, is HK$343.4 million (2003: HK$325.5 million). The related provision for diminution in value of these properties is HK$177.6 million (2003: HK$181.2 million).

18. SHORT-TERM INVESTMENTS

	Group 2004 HK$ Million	Group 2003 HK$ Million
Held-to-maturity securities listed outside Hong Kong	–	23.0
Unlisted investments	79.8	79.0
	79.8	102.0
Market value of the above listed held-to-maturity securities	–	23.5

19. TRADE AND OTHER RECEIVABLES

The Group maintains defined credit policies for its businesses and trade debtors are closely monitored in order to control the credit risk associated with trade debtors.

Included in trade and other receivables are trade debtors with an ageing analysis as at 31 March 2004 as follows:

	Group 2004 HK$ Million	Group 2003 HK$ Million
Current	273.5	15.1
31 – 60 days	19.9	4.6
61 – 90 days	–	0.2
Over 90 days	1.7	0.8
	295.1	20.7

20. BANK LOANS AND OVERDRAFTS

	Group		Company	
	2004 HK$ Million	2003 HK$ Million	2004 HK$ Million	2003 HK$ Million
Unsecured bank loans and overdrafts	–	1,170.0	–	1,016.1
Current portion of long-term unsecured bank loans	230.0	300.0	–	–
	230.0	1,470.0	–	1,016.1

21. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade creditors with an ageing analysis as at 31 March 2004 as follows:

	Group	
	2004	2003
	HK$ Million	HK$ Million
Amounts payable in the next:		
0 – 30 days	**148.8**	180.8
31 – 60 days	**10.5**	1.1
61 – 90 days	**19.7**	52.0
Over 90 days	**63.8**	95.9
	242.8	329.8

22. SHARE CAPITAL

	2004	2003		
	No. of shares	No. of shares	**2004**	2003
	Million	Million	**HK$ Million**	HK$ Million
Authorised:				
Ordinary shares of HK$0.20 each	**3,000.0**	3,000.0	**600.0**	600.0
Issued and fully paid:				
Ordinary shares of HK$0.20 each	**2,069.6**	2,069.6	**413.9**	413.9

23. RESERVES

	Capital redemption reserve HK$ Million	Investment property revaluation reserves HK$ Million	Investment revaluation reserves HK$ Million	Other capital reserves HK$ Million	Revenue reserves HK$ Million	Total HK$ Million
(a) **Group**						
Company and subsidiaries						
Balance at 1 April 2003						
As previously reported	4.9	–	(888.9)	54.5	11,102.6	10,273.1
Prior year adjustments in respect of deferred tax *(Note 11)*	–	–	0.7	–	(44.4)	(43.7)
As restated	4.9	–	(888.2)	54.5	11,058.2	10,229.4
Final dividend approved in respect of the previous year *(Note 9b)*	–	–	–	–	(103.5)	(103.5)
Revaluation surplus	–	–	1,723.2	–	–	1,723.2
Impairment provision	–	–	41.4	–	–	41.4
Realised on disposal	–	–	29.6	(0.3)	–	29.3
Exchange difference	–	–	–	162.8	–	162.8
Profit for the year retained	–	–	–	–	537.2	537.2
Interim dividend declared in respect of the current year *(Note 9a)*	–	–	–	–	(41.4)	(41.4)
Balance at 31 March 2004	4.9	–	906.0	217.0	11,450.5	12,578.4
Associates						
Balance at 1 April 2003	–	–	0.2	3.3	(973.8)	(970.3)
Revaluation surplus	–	–	2.0	–	–	2.0
Realised on disposal	–	–	(0.2)	–	–	(0.2)
Exchange difference	–	–	–	3.1	–	3.1
Profit for the year retained	–	–	–	–	516.5	516.5
Balance at 31 March 2004	–	–	2.0	6.4	(457.3)	(448.9)
Total reserves at 31 March 2004	4.9	–	908.0	223.4	10,993.2	12,129.5
Company and subsidiaries						
Balance at 1 April 2002						
As previously reported	4.9	202.7	(120.0)	(83.4)	11,635.9	11,640.1
Prior year adjustments in respect of deferred tax *(Note 11)*	–	–	–	–	(33.3)	(33.3)
As restated	4.9	202.7	(120.0)	(83.4)	11,602.6	11,606.8
Final dividend approved in respect of the previous year *(Note 9b)*	–	–	–	–	(103.5)	(103.5)
Revaluation deficit (as restated)	–	(196.2)	(780.1)	–	–	(976.3)
Realised on disposal	–	(6.5)	11.9	–	–	5.4
Exchange difference	–	–	–	137.9	–	137.9
Loss for the year absorbed (as restated)	–	–	–	–	(399.5)	(399.5)
Interim dividend declared in respect of the current year *(Note 9a)*	–	–	–	–	(41.4)	(41.4)
Balance at 31 March 2003	4.9	–	(888.2)	54.5	11,058.2	10,229.4
Associates						
Balance at 1 April 2002	–	–	8.1	1.7	(580.4)	(570.6)
Revaluation deficit	–	–	(7.9)	–	–	(7.9)
Exchange difference	–	–	–	1.6	–	1.6
Loss for the year absorbed	–	–	–	–	(393.4)	(393.4)
Balance at 31 March 2003	–	–	0.2	3.3	(973.8)	(970.3)
Total reserves at 31 March 2003	4.9	–	(888.0)	57.8	10,084.4	9,259.1

Included in other capital reserves of the Group is negative goodwill of HK$176.1 million (2003: HK$176.1 million).

	Capital redemption reserve HK$ Million	Investment property revaluation reserves HK$ Million	Investment revaluation reserves HK$ Million	Other capital reserves HK$ Million	Revenue reserves HK$ Million	Total HK$ Million
(b) Company						
Balance at 1 April 2003	**4.9**	**–**	**–**	**50.6**	**832.0**	**887.5**
Final dividend approved in respect of the previous year *(Note 9b)*	**–**	**–**	**–**	**–**	**(103.5)**	**(103.5)**
Profit for the year	**–**	**–**	**–**	**–**	**1,002.7**	**1,002.7**
Interim dividend declared in respect of the current year *(Note 9a)*	**–**	**–**	**–**	**–**	**(41.4)**	**(41.4)**
Total reserves at 31 March 2004	**4.9**	**–**	**–**	**50.6**	**1,689.8**	**1,745.3**
Balance at 1 April 2002	4.9	–	–	50.6	932.6	988.1
Final dividend approved in respect of the previous year *(Note 9b)*	–	–	–	–	(103.5)	(103.5)
Profit for the year	–	–	–	–	44.3	44.3
Interim dividend declared in respect of the current year *(Note 9a)*	–	–	–	–	(41.4)	(41.4)
Total reserves at 31 March 2003	4.9	–	–	50.6	832.0	887.5

Reserves of the Company available for distribution to shareholders amount to HK$1,689.8 million (2003: HK$832.0 million). The application of the capital redemption reserve account is governed by section 49H of the Hong Kong Companies Ordinance. The revaluation reserves and other capital reserves have been set up and will be dealt with in accordance with the accounting policies adopted by the Group.

24. LONG-TERM BANK LOANS

	Group		Company	
	2004 HK$ Million	2003 HK$ Million	**2004 HK$ Million**	2003 HK$ Million
Secured bank loans				
Repayable after 2 years, but within 5 years	**1,817.4**	1,635.7	**–**	498.5
Unsecured bank loans				
Repayable after 1 year, but within 2 years	**–**	700.0	**–**	–
Repayable after 2 years, but within 5 years	**46.7**	–	**–**	–
	1,864.1	2,335.7	**–**	498.5

25. DEFERRED TAX

(a) The components of deferred tax assets and liabilities and the movements during the year are as follows:

	Depreciation allowances in excess of the related depreciation HK$ Million	Unremitted profits of certain overseas subsidiaries HK$ Million	Revaluation of non-trading equity securities HK$ Million	Profit on pre-sale of properties HK$ Million	Future benefit of tax losses HK$ Million	Total HK$ Million
Group						
Balance at 1 April 2002						
As previously reported	–	–	–	103.4	–	103.4
Prior year adjustment in respect of deferred tax	41.8	–	–	–	(0.5)	41.3
As restated	41.8	–	–	103.4	(0.5)	144.7
Exchange differences	–	–	–	4.4	–	4.4
Charged/(credited) to the profit and loss account	6.8	7.6	–	(107.8)	(0.5)	(93.9)
Charged to reserves	–	–	(1.0)	–	–	(1.0)
At 31 March/1 April 2003 (restated)	48.6	7.6	(1.0)	–	(1.0)	54.2
Exchange differences	2.2	0.5	–	–	–	2.7
Charged/(credited) to the profit and loss account	3.8	1.6	–	–	(0.1)	5.3
Charged to reserves	–	–	9.4	–	–	9.4
At 31 March 2004	54.6	9.7	8.4	–	(1.1)	71.6

(b) **Deferred tax assets unrecognised**

Deferred tax assets have not been recognised in respect of the following items:

	Group 2004 HK$ Million	Group 2003 HK$ Million
Deductible temporary differences	**10.3**	9.9
Future benefit of tax losses	**127.9**	132.0
	138.2	141.9

Deferred tax assets have not been recognised as the Directors consider it is not probable that taxable profits will be available against which the tax losses and the deductible temporary differences can be utilised. The deductible temporary differences and tax losses do not expire under current tax legislation.

26. DEFERRED ITEM

	Group	
	2004	2003
	HK$ Million	HK$ Million
Negative goodwill, at cost		
Balance at 1 April	**222.7**	–
Realised on disposal of the relevant assets acquired	**(63.8)**	–
Addition through increase in interests in subsidiaries	**–**	222.7
Balance at 31 March	**158.9**	222.7

Negative goodwill, mainly arising from the privatisation of Realty Development Corporation Limited completed on 19 March 2003, represents the excess of the Group's interest in the fair values of the net assets acquired over the cost of the acquisition. The assets acquired mainly comprise investment properties, interests in associates, long-term investments and properties under development/held for sale. Negative goodwill is released to the profit and loss account, on a proportional basis, when the relevant assets acquired are sold or otherwise realised.

The negative goodwill realised during the year was credited to other net income.

27. CONTINGENT LIABILITIES

	Group		Company	
	2004	2003	**2004**	2003
	HK$ Million	HK$ Million	**HK$ Million**	HK$ Million
(a) Guarantees given in respect of banking facilities available to:				
Subsidiaries	**–**	–	**905.0**	2,303.0
Associates	**63.2**	697.6	**–**	136.7

Of the banking facilities available to associates which are guaranteed by the Group, HK$55.8 million (2003: HK$349.9 million) had been drawn at the balance sheet date.

(b) The Company, a wholly-owned subsidiary and the ultimate holding company together with its two associates have jointly and severally guaranteed the performance and observance of the terms under an agreement to develop the Sorrento project.

28. COMMITMENTS

	Group 2004 HK$ Million	2003 HK$ Million
(a) Acquisition of and future development expenditure relating to properties:		
Contracted but not provided for	**199.8**	306.6
Authorised but not contracted for	**–**	31.1

(b) At 31 March 2004, forward exchange contracts amounting to HK$1,421.3 million (2003: HK$4,868.7 million) were outstanding.

29. RELATED PARTY TRANSACTIONS

Except for the transactions noted below, the Group has not been a party to any material related party transaction during the year ended 31 March 2004.

(a) Sorrento project

(i) Included in interest in associates is a loan of HK$215.5 million (2003: HK$1,617.0 million) made by the Group to an associate involved in the Sorrento project. The loan bears interest at rates as determined by shareholders of the associate with reference to prevailing market rates which were between 0.7% and 2.1% (2003: 2.5% to 3.5%) per annum for the year. Interest income in respect of the loan to the associate for the year ended 31 March 2004 amounted to HK$17.1 million (2003: HK$55.8 million). The loan is unsecured and has no fixed terms of repayment.

(ii) As disclosed in note 27(b) to the accounts, the Company, a wholly-owned subsidiary and the ultimate holding company together with its two associates have jointly and severally guaranteed the performance and observance of the terms under an agreement to develop the Sorrento project.

The above are considered to be related party transactions and also constitute connected transactions as defined under the Listing Rules. A waiver from complying with the relevant connected transaction requirements was granted by the Stock Exchange in 1997.

(b) Bellagio project

Included in interest in associates is an advance of HK$1,773.6 million (2003: HK$2,447.9 million) made by the Group to an associate involved in the Bellagio project. The loan bears interest at such rate as may from time to time be agreed by the shareholders of the associate. For the current financial year, the advance is interest free, unsecured and has no fixed terms of repayment.

The above is considered to be a related party transaction and also constitutes a connected transaction as defined under the Listing Rules. A waiver from complying with the relevant connected transaction requirements was granted by the Stock Exchange in 1994.

(c) Parc Palais project

Included in interest in associates is an advance of HK$191.9 million (2003: HK$296.1 million) made by the Group to an associate involved in the Parc Palais project. The loan bears interest at such rate as may from time to time be agreed by the shareholders of the associate. For the current financial year, the advance is interest free, unsecured and has no fixed terms of repayment.

The above transaction does not constitute a connected transaction as defined under the Listing Rules.

(d) The Group paid a General Managers' Commission to a related party of HK$33.4 million (2003: HK$5.5 million) for the provision of management services to the Group during the year. The payment of such an amount to the General Managers was in accordance with an agreement dated 31 March 1992.

The above is considered to be a related party transaction and also constitutes a connected transaction as defined under the Listing Rules.

(e) The Group received dividend income in the amount of HK$104.5 million during the year ended 31 March 2004 (2003: HK$134.1 million) in respect of investments in a related company.

30. POST BALANCE SHEET EVENTS

(a) On 7 June 2004, Marco Polo Developments Limited ("MPDL"), a Singapore listed subsidiary, entered into a sale and purchase agreement to acquire a property known as No. 6 Scotts Road, Singapore at a total consideration of S$345.0 million (equal to about HK$1,576.7 million). A 10% deposit of the purchase price or S$34.5 million was paid. The property is proposed to be redeveloped into a new residential and commercial development. The residential segment of the new development will be for sale while the commercial segment will be held by MPDL as an investment property for leasing. The acquisition is expected to complete by September 2004.

(b) After the balance sheet date the Directors proposed a final dividend. Further details are disclosed in note 9 to the accounts.

31. COMPARATIVE FIGURES

Certain comparative figures have been adjusted as a result of the change in accounting policy for income taxes, in order to comply with SSAP 12 (revised), details of which are set out in note 11.

32. ULTIMATE HOLDING COMPANY

The ultimate holding company is Wheelock and Company Limited, incorporated in Hong Kong.

33. APPROVAL OF ACCOUNTS

The accounts were approved and authorised for issue by the Board of Directors on 7 June 2004.