

# Notes to Financial Statements

For the year ended 31 March 2004

## 1. PRINCIPAL ACTIVITIES

The principal activities of the company are property and share investments, property development and securities dealing. The principal activities of the subsidiaries are set out in note 13 to the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost convention, as modified for revaluation of investment properties and trading and other securities, and in accordance with the Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Society of Accountants ("HKSA"). HKFRS includes Statements of Standard Accounting Practice ("SSAP") and Interpretations approved by the HKSA.

### Adoption of new HKFRS

In the current year, the group adopted the revised SSAP 12 "Income Taxes", which requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit, with limited exceptions. This change in accounting policy has been accounted for retrospectively but there is no material effect on the results of prior periods. Accordingly, no prior year adjustment is made.

### 2.1 Basis of consolidation

The consolidated financial statements include the financial statements of the company and all subsidiaries made up to 31 March. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective date of acquisition or disposal respectively.

All significant intra-group transactions and balances have been eliminated on consolidation.

### 2.2 Subsidiaries

A subsidiary is a company in which the company, directly or indirectly, controls more than half of the voting power or issued share capital or controls the composition of the board of directors. Investments in subsidiaries are carried at cost less impairment loss where appropriate.



20

# Notes to Financial Statements

For the year ended 31 March 2004

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Property, plant and equipment

Property, plant and equipment other than investment properties are stated at cost less aggregate depreciation and impairment losses where appropriate. The cost of an asset comprises its purchase price and any directly attributable cost of bringing the asset to its present working condition and location for its intended use. Expenditure incurred after the assets have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the income statement in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the assets, the expenditure is capitalised as an additional cost of the assets. When assets are sold or retired, their cost and aggregate depreciation/impairment losses are eliminated from the accounts and any gain or loss resulting from their disposal is included in the income statement.

Depreciation is provided to write off the cost less residual value of each property, plant and equipment, other than investment properties, over its expected useful life at the following annual rates:—

Leasehold properties	—	2.5% straight line basis
Leasehold improvement	—	10% reducing balance method
Furniture, fixtures and equipment	—	10% reducing balance method

### 2.4 Investment properties

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and are held for their investment potential.

Investment properties are stated at their open market value based on independent professional valuations at the balance sheet date. Any surplus or deficit arising on the revaluation of investment properties is credited or charged to the investment property revaluation reserve unless the balance of this reserve is insufficient to cover a deficit, in which case the excess of the deficit over the balance on the investment property revaluation reserve is charged to the income statement. Where a deficit has previously been charged to the income statement and a revaluation surplus subsequently arises, this surplus is credited to the income statement to the extent of the deficit previously charged.

On disposal of an investment property, the related portion of surpluses or deficits previously taken to the investment property revaluation reserve is transferred to the income statement for the year.



# Notes to Financial Statements

For the year ended 31 March 2004

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Properties held for or under development

Properties held for or under development are stated at cost less impairment loss where appropriate. Cost comprises land cost, development costs and other direct costs incurred during the development period.

### 2.6 Impairment of assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the assets, other than stock of land interest and financial assets (excluding investments in subsidiaries), may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its net selling price and value in use. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is reversed if there has been a change in the estimates resulting in an increase of the recoverable amount. 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 income statement in the year in which the reversals are recognised.

### 2.7 Income tax

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 income statement because it excludes items of income or expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.



# Notes to Financial Statements

For the year ended 31 March 2004

## 2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

### 2.7 *Income tax (continued)*

Deferred tax liabilities are not recognised for taxable temporary differences arising on investments in subsidiaries 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, and taxable temporary differences arising on the initial recognition (other than in a business combination) of assets and liabilities that affects neither the taxable profit nor the accounting profit.

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

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

### 2.8 *Share investments*

Share investments, other than the investments in subsidiaries, held on a continuing basis for an identified long-term purpose are classified as investment securities. Investment securities are stated in the balance sheet at cost less provision for diminution in value. Provisions are made when the fair values have declined below the carrying amounts, unless there is evidence that the decline is temporary, and are recognised as an expense in the income statement. Such provisions are determined for each investment individually.

Other share investments are classified as either trading securities or other securities and stated in the balance sheet at fair value. Changes in fair value are recognised in the income statement.

Profits or losses on disposal of share investments are determined as the difference between the net disposal proceeds and the carrying amount of the investments and are accounted for in the income statement as they arise.

### 2.9 *Stock of land interests*

Stock of land interests is stated at the lower of cost and market value.



# Notes to Financial Statements

For the year ended 31 March 2004

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.10 Revenue recognition

Rental income from investment properties under operating leases is recognised on a straight line basis over the lease terms.

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

Interest income on bank deposits is recognised on a time proportion basis.

### 2.11 Employee benefits

Salaries and other short-term employee benefits are recognised as an expense in the period which the employees render services to the group.

The group operates a mandatory provident fund scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for all eligible employees. The scheme is a defined contribution scheme administered by independent trustees. Under the scheme, the employer and employees are required to make contributions to the scheme at 5% of the employees' relevant income, subject to a maximum of monthly contribution of HK\$1,000. Contributions to the scheme vest immediately and are recognised as an expense in the income statement as incurred.

## 3. SEGMENT INFORMATION

### Business segments

For management purposes, the group identifies three principal business segments: securities investments, property leasing and property development. These segments are the basis on which the group reports its primary segment information.

Principal activities of each segment are as follows:

Securities investments	—	securities investments for long-term and dealing purpose
Property leasing	—	letting of properties
Property development	—	developing properties



# Notes to Financial Statements

For the year ended 31 March 2004

## 3. SEGMENT INFORMATION (continued)

Segment information about these businesses is presented below:

	Securities investments		Property leasing		Property development		Consolidated total	
	2004	2003	2004	2003	2004	2003	2004	2003
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
<b>INCOME STATEMENT</b>								
Segment revenue	<u>3,537,191</u>	5,963,045	<u>7,198,613</u>	7,812,817	—	—	<u>10,735,804</u>	13,775,862
Segment results	<b>7,056,663</b>	(8,444,482)	<b>4,973,569</b>	5,873,488	<b>7,781,188</b>	(8,899,452)	<b>19,811,420</b>	(11,470,446)
Interest income							<b>236,610</b>	576,407
Unallocated corporate expenses							<b>(500,548)</b>	(469,888)
<b>Profit/(loss) from operations</b>							<b>19,547,482</b>	(11,363,927)
Taxation							<b>(1,015,730)</b>	(1,186,390)
<b>Profit/(loss) after taxation</b>							<b>18,531,752</b>	(12,550,317)
<b>BALANCE SHEET</b>								
<b>Assets:</b>								
Segment assets	<u>81,048,607</u>	81,718,225	<u>83,553,169</u>	72,724,821	<u>34,750,253</u>	24,791,646	<u>199,352,029</u>	179,234,692
<b>Liabilities:</b>								
Segment liabilities	<b>810,747</b>	1,077,677	<b>3,190,697</b>	2,633,581	<b>479,974</b>	239,894	<b>4,481,418</b>	3,951,152
Unallocated corporate liabilities							<b>865,516</b>	1,090,197
<b>Consolidated total liabilities</b>							<b>5,346,934</b>	5,041,349
<b>OTHER INFORMATION</b>								
Capital expenditure	—	—	<b>8,750</b>	798	<b>2,091,035</b>	1,709,165	<b>2,099,785</b>	1,709,963
Purchase of investment and other securities	<b>15,230,665</b>	984,484	—	—	—	—	<b>15,230,665</b>	984,484
Depreciation	<b>2,536</b>	3,812	<b>119,999</b>	120,108	—	—	<b>122,535</b>	123,920
Provision for diminution in value of investment securities	—	7,979,000	—	—	—	—	—	7,979,000
Impairment loss of properties held for or under development written back/ (charged)	—	—	—	—	<b>7,852,000</b>	(8,850,000)	<b>7,852,000</b>	(8,850,000)
Unrealised holding gains/(losses) on trading and other securities	<b>3,257,339</b>	(3,018,066)	—	—	—	—	<b>3,257,339</b>	(3,018,066)
Provision for long service payments	<b>47,235</b>	164,088	<b>40,765</b>	365,912	—	—	<b>88,000</b>	530,000



# Notes to Financial Statements

For the year ended 31 March 2004

## 3. SEGMENT INFORMATION (continued)

### Geographical segments

The group has all its operating activities carried out in Hong Kong and hence no geographical analysis of financial information is provided.

## 4. TURNOVER

	The group	
	2004	2003
	HK\$	HK\$
Sales of trading securities	—	2,656,250
Gross rental income from investment properties	7,198,613	7,812,817
Dividend income from investments listed in Hong Kong	3,537,191	3,306,795
	<u>10,735,804</u>	<u>13,775,862</u>

## 5. PROFIT/(LOSS) BEFORE TAXATION

	The group	
	2004	2003
	HK\$	HK\$
<b>Profit/(loss) before taxation is stated after charging:</b>		
Auditors' remuneration	114,000	114,000
Carrying amount of trading securities sold	—	1,692,898
Depreciation	122,535	123,920
Loss on disposal of property, plant and equipment	—	2,622
Staff costs, including contribution to mandatory provident fund of HK\$32,320 (2003: HK\$32,321) and directors' remuneration	2,659,612	3,101,613
	<u>2,659,612</u>	<u>3,101,613</u>
<b>And after crediting:</b>		
Interest income from bank deposits	236,610	576,407
Rental income less outgoings	6,883,417	7,614,052
	<u>6,883,417</u>	<u>7,614,052</u>



26

# Notes to Financial Statements

For the year ended 31 March 2004

## 6. DIRECTORS' REMUNERATION

	The group	
	2004	2003
	HK\$	HK\$
The remuneration of the directors is as follows:—		
Directors' fees —		
Executive directors	36,000	36,000
Non-executive directors	24,000	24,000
Independent non-executive directors	120,000	120,000
Other emoluments for executive directors —		
Salaries and other benefits	1,861,256	1,861,256
Mandatory provident fund contributions	12,000	12,000
	<u>2,053,256</u>	<u>2,053,256</u>

Analysis of directors' remuneration by number of directors and emolument band is as follows:

	2004	2003
Executive directors —		
HK\$ Nil — HK\$1,000,000	3	3
Non-executive and independent non-executive directors		
HK\$ Nil — HK\$1,000,000	4	4
	<u>7</u>	<u>7</u>

## 7. EMPLOYEES' EMOLUMENTS

Among the five highest paid individuals of the group, three (2003: three) are executive directors whose emoluments are set out in note 6 to the financial statements. The emoluments of the other two (2003: two) individuals are as follows:—

	The group	
	2004	2003
	HK\$	HK\$
Salaries and other benefits	<u>498,036</u>	<u>498,036</u>

The aggregate emoluments of each employee are within the emolument band ranging from HK\$Nil to HK\$1,000,000.





# Notes to Financial Statements

For the year ended 31 March 2004

## 8. TAXATION

	The group	
	2004 HK\$	2003 HK\$
<b>Current tax</b>		
Provision for Hong Kong profits tax	673,249	935,000
(Over)/under-provision in respect of prior year	(2,786)	251,390
	<u>670,463</u>	<u>1,186,390</u>
<b>Deferred tax</b>	345,267	—
	<u>1,015,730</u>	<u>1,186,390</u>
Total tax expense	<u>1,015,730</u>	<u>1,186,390</u>

Provision for Hong Kong profits tax is calculated at 17.5% (2003: 16%) on the estimated assessable profit for the year.

### Reconciliation between tax expense and accounting profit/(loss) at applicable tax rate

	The group	
	2004 HK\$	2003 HK\$
Profit/(loss) before taxation	<u>19,547,482</u>	<u>(11,363,927)</u>
Notional tax expense/(income) on profit/(loss) before taxation, calculated at Hong Kong profits tax rate of 17.5% (2003: 16%)	3,420,810	(1,818,228)
Tax effect of non-deductible expenses	53,102	2,753,712
Tax effect of non-taxable revenue	(2,305,098)	(621,313)
Tax effect of unused current tax losses not recognised	89,252	407,346
Deferred tax in prior years not recognised	(239,550)	210,698
Adjustment of current tax	(2,786)	254,175
	<u>1,015,730</u>	<u>1,186,390</u>
Tax expense	<u>1,015,730</u>	<u>1,186,390</u>

The Hong Kong Government increased the profits tax rate from 16% to 17.5% with effect from 1 April 2003.



# Notes to Financial Statements

For the year ended 31 March 2004

## 9. EARNINGS/(LOSS) PER SHARE

The calculation of earnings/(loss) per share is based on the consolidated profit after tax of HK\$18,531,752 (2003: loss of HK\$12,550,317) and on 40,000,000 shares (2003: 40,000,000 shares) in issue during the year.

## 10. PROPERTY, PLANT AND EQUIPMENT

The group	Investment properties HK\$	Leasehold properties HK\$	Leasehold improvement HK\$	Furniture, fixtures and equipment HK\$	Total HK\$
<b>Cost or valuation</b>					
At 1 April 2003	64,600,000	3,758,960	570,900	192,955	69,122,815
Additions	—	—	—	8,750	8,750
Surplus on revaluation	4,880,000	—	—	—	4,880,000
<b>At 31 March 2004</b>	<b>69,480,000</b>	<b>3,758,960</b>	<b>570,900</b>	<b>201,705</b>	<b>74,011,565</b>
<b>Aggregate depreciation</b>					
At 1 April 2003	—	1,033,714	359,406	126,780	1,519,900
Charge for the year	—	93,974	21,150	7,411	122,535
<b>At 31 March 2004</b>	<b>—</b>	<b>(1,127,688)</b>	<b>(380,556)</b>	<b>(134,191)</b>	<b>(1,642,435)</b>
<b>Net book value</b>					
<b>At 31 March 2004</b>	<b>69,480,000</b>	<b>2,631,272</b>	<b>190,344</b>	<b>67,514</b>	<b>72,369,130</b>
At 31 March 2003	64,600,000	2,725,246	211,494	66,175	67,602,915



# Notes to Financial Statements

For the year ended 31 March 2004

## 10. PROPERTY, PLANT AND EQUIPMENT (continued)

The company	Investment properties <i>HK\$</i>	Furniture, fixtures and equipment <i>HK\$</i>	Total <i>HK\$</i>
<b>Cost or valuation</b>			
At 1 April 2003	2,100,000	57,976	2,157,976
Surplus on revaluation	200,000	—	200,000
<b>At 31 March 2004</b>	<b>2,300,000</b>	<b>57,976</b>	<b>2,357,976</b>
<b>Aggregate depreciation</b>			
At 1 April 2003	—	22,011	22,011
Charge for the year	—	3,597	3,597
<b>At 31 March 2004</b>	<b>—</b>	<b>(25,608)</b>	<b>(25,608)</b>
<b>Net book value</b>			
<b>At 31 March 2004</b>	<b>2,300,000</b>	<b>32,368</b>	<b>2,332,368</b>
At 31 March 2003	2,100,000	35,965	2,135,965

All the properties are situated in Hong Kong and are held under following lease terms:—

	2004 <i>HK\$</i>	2003 <i>HK\$</i>
<b>The group</b>		
Investment properties —		
Medium term	61,840,000	57,530,000
Long term	7,640,000	7,070,000
	<b>69,480,000</b>	<b>64,600,000</b>
Leasehold properties —		
Medium term	2,631,272	2,725,246
<b>The company</b>		
Investment properties —		
Medium term	2,300,000	2,100,000

The group's investment properties were revalued on 31 March 2004 by RHL Appraisal Limited, an independent firm of professional surveyors, on an open market value basis.



# Notes to Financial Statements

For the year ended 31 March 2004

## 11. PROPERTIES HELD FOR OR UNDER DEVELOPMENT

	The group	
	2004 HK\$	2003 HK\$
Cost at beginning of year	<b>73,601,361</b>	71,892,196
Additions	<b>2,091,035</b>	1,709,165
Cost at end of year	<b>75,692,396</b>	73,601,361
Provision for impairment loss	<b>(40,973,000)</b>	(48,825,000)
	<b><u>34,719,396</u></b>	<b><u>24,776,361</u></b>

The properties held for or under development are situated in Hong Kong and are held under medium term leases. Provision for impairment loss is calculated by reference to the open market value of the properties at the balance sheet date as appraised by independent firm of professional surveyors.

## 12. INVESTMENT SECURITIES

	The group	
	2004 HK\$	2003 HK\$
Equity shares listed in Hong Kong, at cost	<b>73,920,985</b>	62,321,602
Provision for diminution in value	<b>(21,849,000)</b>	(23,349,000)
	<b><u>52,071,985</u></b>	<b><u>38,972,602</u></b>
Market value	<b><u>70,447,769</u></b>	<b><u>38,269,346</u></b>



# Notes to Financial Statements

For the year ended 31 March 2004

## 13. INTEREST IN SUBSIDIARIES

	The company	
	2004 HK\$	2003 HK\$
Unlisted investments at cost	6,481,102	6,481,102
Advances to subsidiaries	175,660,978	165,873,812
	<b>182,142,080</b>	172,354,914
Advances from subsidiaries	(36,293,165)	(32,645,087)
	<b>145,848,915</b>	139,709,827
Provision for loss	(71,032,752)	(85,735,752)
	<b>74,816,163</b>	53,974,075

Particulars of the subsidiaries at 31 March 2004 were as follows:—

Name	Place of incorporation/ operation	Principal activity	Issued share capital HK\$	Percentage of holding directly
Hing Full Far East Development Limited	Hong Kong	Dormant	10,000	100%
Hing Lung Properties Limited	Hong Kong	Property development	10,000	100%
Hing Shing Far East Development Limited	Hong Kong	Share investment	10,000	100%
Konchoy Limited	Hong Kong	Property investment	2	100%
Wang Fung Far East Development Limited	Hong Kong	Dormant	10,000	100%



32

# Notes to Financial Statements

For the year ended 31 March 2004

## 13. INTEREST IN SUBSIDIARIES (continued)

Name	Place of incorporation/ operation	Principal activity	Issued share capital HK\$	Percentage of holding directly
Winful Far East Limited	Hong Kong	Property investment/ development	100	100%
Yick Fu Investment Company Limited	Hong Kong	Property investment	1,800,000	100%
YLH Limited	Hong Kong	Dormant	10,000	100%

Advances among group companies are unsecured, interest free and repayable on demand.

## 14. DEBTORS, DEPOSITS AND PREPAYMENTS

Included therein are rental receivables of the group of HK\$409,678 (2003: HK\$367,822) and the company of HK\$9,000 (2003: HK\$12,483) which were current and within normal credit period.

## 15. PROVISION FOR LONG SERVICE PAYMENTS

	The group		The company	
	2004 HK\$	2003 HK\$	2004 HK\$	2003 HK\$
Balance at beginning of year	<b>1,930,000</b>	1,400,000	<b>872,000</b>	700,000
Provision for the year	<b>88,000</b>	530,000	<b>67,000</b>	172,000
Balance at end of year	<b><u>2,018,000</u></b>	<u>1,930,000</u>	<b><u>939,000</u></b>	<u>872,000</u>

Provision for long service payments is made for all employees, including the directors, who had worked under continuous contract for a minimum of five years as at the balance sheet date, and is calculated in accordance with the provisions of the Employment Ordinance. The employees will only be entitled to the long service payments when the conditions under the Employment Ordinance are met upon termination of employment.



# Notes to Financial Statements

For the year ended 31 March 2004

## 16. DEFERRED TAXATION

The components of deferred tax liabilities recognised in the balance sheet and its movements are as follows:

### The group

#### Deferred tax arising from:

	Property, plant and equipment	
	2004 HK\$	2003 HK\$
At 1 April	—	—
Charged to income statement	345,267	—
At 31 March	<u>345,267</u>	<u>—</u>

#### Deferred tax assets unrecognised

Deferred tax assets have not been recognised in respect of the following items as it is uncertain if there will be sufficient future profits to allow the benefit of the deferred tax assets to be utilised:

	The group and the company	
	2004 HK\$	2003 HK\$
Deductible temporary differences in respect of provisions	—	872,000
Unused tax losses	8,585,160	9,105,697
	<u>8,585,160</u>	<u>9,977,697</u>

## 17. SHARE CAPITAL

	2004		2003	
	No. of shares	Amount HK\$	No. of shares	Amount HK\$
<b>Authorised</b>				
Ordinary shares of HK\$1 each	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>	<u>60,000,000</u>
<b>Issued and fully paid</b>				
Ordinary shares of HK\$1 each	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>	<u>40,000,000</u>



34

# Notes to Financial Statements

For the year ended 31 March 2004

## 18. RESERVES

The group	Investment property			Total
	Capital reserve	revaluation reserve	Retained profits	
	HK\$	HK\$	HK\$	HK\$
<b>Balance at 1 April 2002</b>	251,046	35,519,398	122,713,216	158,483,660
Loss for the year	—	—	(12,550,317)	(12,550,317)
Dividends (note 19)	—	—	(3,600,000)	(3,600,000)
Deficit on revaluation of investment properties	—	(10,940,000)	—	(10,940,000)
<b>Balance at 31 March 2003 and 1 April 2003</b>	251,046	24,579,398	106,562,899	131,393,343
Profit for the year	—	—	18,531,752	18,531,752
Dividends (note 19)	—	—	(4,400,000)	(4,400,000)
Surplus on revaluation of investment properties	—	4,880,000	—	4,880,000
<b>Balance at 31 March 2004</b>	<b>251,046</b>	<b>29,459,398</b>	<b>120,694,651</b>	<b>150,405,095</b>

The company	Investment property		Total
	revaluation reserve	Retained profits	
	HK\$	HK\$	HK\$
<b>Balance at 1 April 2002</b>	785,848	78,132,291	78,918,139
Loss for the year (note 20)	—	(19,179,886)	(19,179,886)
Dividends (note 19)	—	(3,600,000)	(3,600,000)
Deficit on revaluation of investment properties	(500,000)	—	(500,000)
<b>Balance at 31 March 2003 and 1 April 2003</b>	285,848	55,352,405	55,638,253
Profit for the year (note 20)	—	16,842,937	16,842,937
Dividends (note 19)	—	(4,400,000)	(4,400,000)
Deficit on revaluation of investment properties	200,000	—	200,000
<b>Balance at 31 March 2004</b>	<b>485,848</b>	<b>67,795,342</b>	<b>68,281,190</b>

Distributable reserves of the company at the balance sheet date, calculated under section 79B of the Companies Ordinance, amounted to HK\$71,395,342 (2003: HK\$58,152,405).





# Notes to Financial Statements

For the year ended 31 March 2004

## 19. DIVIDENDS

	2004 HK\$	2003 HK\$
Dividends attributable to the year — Interim dividend at HK\$0.02 (2003: HK\$0.02) per share paid during the year	800,000	800,000
Final dividend at HK\$0.09 (2003: HK\$0.07) per share proposed after the balance sheet date	3,600,000	2,800,000
	<u>4,400,000</u>	<u>3,600,000</u>

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



36

Winfair  
Investment  
Company  
Limited

## 20. PROFIT/(LOSS) ATTRIBUTABLE TO SHAREHOLDERS

	The company	
	2004 HK\$	2003 HK\$
Profit/(loss) attributable to the shareholders and dealt with in the financial statements of the company (note 18)	<u>16,842,937</u>	<u>(19,179,886)</u>

## 21. CAPITAL COMMITMENTS

	The group	
	2004 HK\$	2003 HK\$
Capital expenditures in respect of properties under development outstanding at the balance sheet date were as follows:		
Contracted but not provided for	92,000	216,000
Authorised but not contracted for	15,000,000	12,553,346
	<u>15,092,000</u>	<u>12,769,346</u>

The company had no significant capital commitments at the balance sheet date.

# Notes to Financial Statements

For the year ended 31 March 2004

## 22. OPERATING LEASE ARRANGEMENTS

At the balance sheet date, the total future minimum lease receipts under non-cancellable operating leases for the following periods were:

	The group		The company	
	2004	2003	2004	2003
	HK\$	HK\$	HK\$	HK\$
Not later than one year	<b>2,950,100</b>	7,132,000	<b>204,000</b>	141,000
Later than one year and not later than five years	<b>847,000</b>	3,077,100	<b>121,000</b>	—
	<b>3,797,100</b>	10,209,100	<b>325,000</b>	141,000

The operating leases normally run from one to three years.

