1. GENERAL

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

The Company acts as an investment holding company. Details of the principal activities of the subsidiaries are set out in note 18.

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

(c) As stated in the Company's announcement dated 25 September 2003, the Company received on 24 September 2003 a writ of summons from the High Court of Hong Kong, in which Messrs Jinlin Sun and Wen Lin (the "Plaintiffs") sued the Company and its existing directors and ex-directors (the "Defendants") for breach of various duties owed to the Company and claimed against the Defendants for (i) damages to be assessed; (ii) an account of profits made by the Defendants and that all sums found due upon such account be paid by them to the Company; (iii) the existing directors of the Company be removed from the board of directors of the Company; (iv) an order that a receiver and manager be appointed to preserve and safeguard the assets and undertaking of the Company; (v) interest; (vi) further and/or other relief; and (vii) costs.

The Plaintiffs' claim (iv) was dismissed on 13 October 2003 and the Plaintiffs were ordered to pay the costs in the sum of HK$862,000 to the Company on 5 July 2004. In relation to the remaining proceedings, the defendant directors and ex-directors of the Company filed their defense on 22 December 2003 and the Plaintiffs have stayed all their action since then. According to the legal advice, the Company has no interest in the outcome of the remaining proceedings since it was only joined by the Plaintiffs in the proceedings under the Rule of the High Court. The Company will however, abide by the outcome of the proceedings.

1. GENERAL *(Continued)*

(d) In June 2003, 海南萬眾實業投資有限公司("海南萬眾") sued 武漢盛達房地產開發有限公司("盛達房地產") and Sheng Da Investment Holding (Hong Kong) Limited ("Sheng Da"), a subsidiary of the Company, for repayment of a debt in the sum of RMB19,270,000, interest thereon and legal costs. Both海南萬眾 and 盛達房地產 are companies established in the PRC and independent to the Company. Sheng Da has been included into the proceedings as 海南萬眾 alleged that 盛達房地產 held shareholdings interests in and had a receivable due from Sheng Da. On 22 August 2003, the court of Haikou City, Hainan Province issued a Notice of Assistance in Execution to Wuhan Dongseng Highway Building Development Co.Ltd. in which Sheng Da has 48.67% interest, requesting for retaining the dividends to be distributed to Sheng Da up to RMB19,270,000 until the dispute is resolved.

The directors of the Company understand that there was no business relations between 盛達房地產 and Sheng Da since 1997,in which year the Company began to have an interest in Sheng Da. The litigation related to three existing shareholders ("Old Shareholders") of Sheng Da, who in total currently holds 44.32% interest in Sheng Da and have been being shareholders of Sheng Da before the Company initially acquired any interests in Sheng Da in 1997. The Old Shareholders have provided the Company an undertaking that they will bear any liability arising from the litigation in view of the fact that the subject matter took place before the Company had an interests in Sheng Da.

The directors of the Company consider that:

(i) the subject of the case was to claim for receivable due from 盛達房地產 to 海南萬眾 and Sheng Da should not be claimed for;

(ii) through the provision of the undertaking, there will be no material adverse financial impact on the Group; and

(iii) any future dividend or distribution payable to the Old Shareholders shall be retained by Sheng Da to set off the Retained Amount.

2. ADOPTION OF STATEMENT OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, the Statement of Standard Accounting Practice ("SSAP") 12 (Revised) "Income Taxes" ("SSAP 12 (Revised)") issued by the Hong Kong Society of Accountants ("HKSA").

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method under which a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary 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, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively.

As a result of this change in policy, the loss for the year ended 31 March 2003 and the accumulated losses brought forward on 1 April 2003 has been decreased by HK$902,000.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 March 2004. The results of subsidiaries acquired or disposed of during the year are consolidated from or to their effective dates of acquisition or disposal, respectively. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments in Subsidiaries

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

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

Related Parties

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

Goodwill

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Negative Goodwill

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

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

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

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

Impairment of Assets

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fixed Assets and Depreciation

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

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

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

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

Investment Properties

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Properties under Development/held for Redevelopment

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

Leased Assets

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

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

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

Joint Venture Arrangement

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Long Term Investments

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

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

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

Short Term Investments

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

Inventories

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

Cash and Cash Equivalents

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes income statement items that are never taxable or deductible.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Revenue Recognition

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

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

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

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

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

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

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

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

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

Foreign Currencies

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

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign Currencies *(continued)*

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

Employee Benefits

(a) Retirement benefits scheme

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

(b) Employment Ordinance long service payments

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

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Employee Benefits *(continued)*

(c) Share option scheme

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The financial impact of share options granted under the share option scheme is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recorded in the profit and loss account or balance sheet for their cost. Upon the exercise of share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares, and the excess the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are cancelled prior to their exercise date, or which lapse, are deleted from the register of outstanding options.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

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

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

Summary details of the business segments are as follows:

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

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

– the financing segment engages in money lending;

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

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

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

– the others segment comprises which principally trading of securities and web site operations.

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

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

(a) Business Segments

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

	General import and export trading *HK$'000*	Securities dealing and broking *HK$'000*	Financing *HK$'000*	Property development and investment *HK$'000*	Strategic investments *HK$'000*	Corporate *HK$'000*	Others *HK$'000*	Eliminations *HK$'000*	Consolidated *HK$'000*
Profit and loss account for the year ended 31 March 2004									
Segment revenue:									
External sales	98,221	6,739	9,696	72	–	–	–	–	114,728
Other revenue	1,705	2,887	677	4,307	2,566	184	20	–	12,346
Inter-segment sales	–	2,392	18	720	–	14,732	–	(17,862)	–
Total revenue	99,926	12,018	10,391	5,099	2,566	14,916	20	(17,862)	127,074
Segment result	(3,579)	3,593	(1,852)	15,918	(293,218)	(11,984)	(4,240)	–	(295,362)
Interest and dividend income and unallocated gains									35,355
Loss from operations									(260,007)
Finance costs									(8,829)
Loss before tax									(268,836)
Tax									655
Loss before minority interests									(268,181)
Minority interests									110,505
Net loss for the year									(157,676)
Balance sheet at 31 March 2004									
Segment assets	12,528	61,474	22,170	58,139	175,985	16,762	11,182	–	358,240
Unallocated assets									484
Consolidated total assets									358,724
Segment liabilities	65,915	20,828	63,587	72,400	352,811	61,560	182,554	(744,913)	74,742
Unallocated liabilities									135,442
Consolidated total liabilities									210,184
Other information:									
Depreciation	135	406	–	2	89	976	–	–	1,608
Amortisation	–	–	–	–	69,094	–	–	–	69,094
Impairment (gain)/loss	–	–	–	(12,000)	56,765	1,495	–	–	46,260
Other significant non-cash expenses/(income)	–	5,636	6,143	(1,150)	166,855	1,009	–	–	178,493
Capital expenditure	267	70	–	–	–	498	–	–	835

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(a) Business segments *(continued)*

	General import and export trading HK$'000	Securities dealing and broking HK$'000	Financing HK$'000	Property development and investment HK$'000	Strategic investments HK$'000	Corporate HK$'000	Others HK$'000	Eliminations HK$'000	Consolidated HK$'000
Profit and loss account for the year ended 31 March 2003 (restated)									
Segment revenue:									
External sales	104,942	6,091	7,898	206	–	–	–	–	119,137
Other revenue	1,585	5,172	547	10	1,779	208	1,633	–	10,934
Inter-segment sales	–	7,486	358	720	–	20,703	–	(29,267)	–
Total revenue	106,527	18,749	8,803	936	1,779	20,911	1,633	(29,267)	130,071
Segment result	(2,578)	(9,772)	(65,679)	(16,083)	(185,687)	(22,146)	(16,383)	–	(318,328)
Interest and dividend income and unallocated gains									37,736
Loss from operations									(280,592)
Finance costs									(11,284)
Loss before tax									(291,876)
Tax									2,667
Loss before minority interests									(289,209)
Minority interests									21,689
Net loss for the year									(267,520)
Balance sheet at 31 March 2003 (restated)									
Segment assets	23,660	52,700	37,332	72,522	451,639	12,620	4,461	–	654,934
Unallocated assets									21,611
Consolidated total assets									676,545
Segment liabilities	80,932	26,574	87,699	99,217	310,563	57,382	172,506	(746,293)	88,580
Unallocated liabilities									284,771
Consolidated total liabilities									373,351
Other information:									
Depreciation	106	387	–	1,128	90	393	–	–	2,104
Amortisation	–	–	–	–	68,752	–	2,000	–	70,752
Impairment loss	–	–	–	7,000	118,905	–	–	–	125,905
Other significant non-cash expenses	–	11,502	65,760	6,724	–	1,623	15,144	–	100,753
Capital expenditure	572	57	–	–	2	2,720	–	–	3,351

4. BUSINESS AND GEOGRAPHICAL SEGMENTS *(Continued)*

(b) Geographical segments

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

	2004	2003
	HK$'000	*HK$'000*
Hong Kong	**42,344**	44,132
Mainland China	**–**	42
Europe	**68,801**	68,475
North America	**3,067**	3,065
Others	**516**	3,423
	114,728	119,137

	Segment assets		**Capital expenditure**	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**192,173**	209,694	**835**	3,211
Mainland China	**166,551**	466,851	**–**	–
Europe	**–**	–	**–**	140
	358,724	676,545	**835**	3,351

5. TURNOVER, OTHER REVENUE AND GAINS

	2004	2003
	HK$'000	*HK$'000*
Turnover		
Invoiced value of goods sold, net of returns and allowances	**98,221**	104,942
Commission and brokerage income from securities dealing	**6,739**	6,091
Interest income from the financing business	**9,696**	7,898
Gross rental income	**72**	206
	114,728	119,137
Other revenue		
Interest income	**518**	374
Dividend income from listed investments	**12**	52
Dividend income from an unlisted investment	**34,825**	37,310
Other income	**6,855**	9,310
	42,210	47,046
Gains		
Negative goodwill recognised as income	**2,164**	1,624
Gain on disposals of investment properties	**3,327**	–
	5,491	1,624
	47,701	48,670

6. LOSS FROM OPERATIONS

Loss from operations have been arrived at after charging:

	2004	2003
	HK$'000	*HK$'000*
Depreciation	**1,608**	2,104
Staff costs (including directors' remuneration):		
Salaries and allowances	**14,496**	20,321
Pension scheme contributions	**474**	508
Less : Forfeited contributions	**–**	(358)
Net pension contributions	**474**	150
	14,970	20,471
Auditors' remuneration	**503**	1,300
Minimum lease payments under operating leases for land and buildings	**1,608**	1,746
Net loss on foreign currencies exchange	**257**	194
Loss on disposals of subsidiaries	**–**	702
Other expenses:		
Unrealised holding losses on listed investments	**611**	10,025
Amortisation of goodwill	**584**	2,242
Loss on disposal of investment properties	**850**	2,000
Loss on disposal of fixed assets	**1,009**	2,761
Impairment loss of land and buildings	**1,495**	–
Sundry expenses	**29**	–
	4,578	17,028
Gross and net rental income	**72**	206

7. FINANCE COSTS

	2004 HK$'000	2003 HK$'000
Interest on bank loans and overdrafts wholly repayable:		
Within five years	**2,321**	10,292
Over five years	**6,381**	856
Interest charges for hire purchase contracts	**127**	136
	8,829	11,284

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(a) Directors' remuneration

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

	2004 HK$'000	2003 HK$'000
Fees	**100**	100
Other emoluments:		
– Salaries, allowances and other benefits	**4,502**	7,979
– Retirement benefit scheme contributions	**114**	181
	4,716	8,260

The remuneration of directors is within the following bands:

	Number of directors	
	2004	2003
Nil – HK$1,000,000	**6**	5
HK$1,000,001 – HK$1,500,000	**2**	2
HK$3,500,001 – HK$4,000,000	**–**	1
	8	8

Included in the directors' remuneration disclosed above were fees of HK$100,000 (2003: HK$100,000) paid to the independent non-executive directors during the year.

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

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

(b) Five highest paid employees

The five highest paid employees during the year included four (2003: five) directors, details of whose remuneration are disclosed above. The emoluments of the remaining one (2003: nil) highest paid employee are as follows:

	2004	2003
	HK$'000	*HK$'000*
Salaries, allowances and other benefits	**1,006**	–
Retirement benefit scheme contributions	**49**	–
	1,055	–

The above mentioned employee is a director of the Company resigned during the year. Part of his emoluments upto the date of his resignation amounted to HK$243,000 is also included in the directors' remuneration in preceding paragraph.

9. TAXATION

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

	2004	2003
	HK$'000	*HK$'000*
Provision for Hong Kong profits tax		
Current year	**–**	1,676
Overprovision in prior years	**(1,250)**	(3,441)
	(1,250)	(1,765)
Deferred tax		
Current year	**680**	(902)
Effect of change in tax rate	**(85)**	–
Tax credit for the year	**(655)**	(2,667)

Hong Kong profits tax has been provided at the rate of 17.5% (2003:16%) on the estimated assessable profits arising in Hong Kong during the year.

9. TAXATION *(Continued)*

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

	2004	2003
	HK$'000	*HK$'000*
Loss before taxation	**(268,836)**	(291,876)
Tax at Hong Kong profits tax rate of 17.5% (2003: 16%)	**(47,046)**	(46,700)
Tax effect of expenses not deductible for tax purpose	**47,950**	28,831
Tax effect of income not taxable for tax purpose	**(2,457)**	(14,054)
Overprovision in respect of prior year	**(1,250)**	(3,441)
Tax effect of tax losses not recognised	**1,940**	32,951
Tax effect of tax losses recognised	**–**	(902)
Utilisation of tax losses previously recognised	**293**	648
Increase in opening deferred tax asset resulting from increase in Hong Kong profits tax rate	**(85)**	–
	(655)	(2,667)

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

(c) the Group has not recognised deferred tax assets in respect of tax losses of HK$299,000,000 (2003: HK$289,000,000). The tax losses do not expire under the current tax legislation.

10. NET LOSS FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS

The net loss from ordinary activities attributable to shareholders for the year ended 31 March 2004 dealt with in the financial statements of the Company was HK$156,497,000 (2003: HK$264,736,000).

11. DIVIDEND

During the year, the Directors withdrew the resolution for approving the proposed final dividend for the year ended 31 March 2003 at the annual general meeting of the Company held on 26 September 2003 as the preceding conditions could not be met.

A special dividend for the year ended 31 March 2004 was paid and satisfied by the distribution to shareholders of one share of each of Inworld Group Limited, Riverhill Holdings Limited and Rainbow International Holdings Limited (the "Distribution Shares") respectively for every 50 shares of HK$0.01 each of the Company held on 26 September 2003 to replace the proposed final dividend for the year ended 31 March 2003. The Distribution Shares were dispatched to shareholders on 1 December 2003.

The Directors do not recommend the payment of any final dividend for the year ended 31 March 2004.

12. LOSS PER SHARE

The calculation of loss per share is based on the net loss attributable to shareholders of HK$157,676,000 (2003: HK$267,520,000 as restated) and the weighted average of 1,750,282,292 (2003: 1,576,741,084) ordinary shares in issue during the year.

Diluted loss per share amounts for the years ended 31 March 2003 and 2004 have not been disclosed, as the options outstanding during both years had an anti-dilutive effect on the basic loss per share for these years.

13. FIXED ASSETS

	Leasehold land and buildings	Leasehold improvements	Furniture, fixtures and equipment	Motor vehicles	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Group					
Cost:					
At 1 April 2003	5,000	3,076	5,905	5,404	19,385
Additions	–	90	300	445	835
Disposals	(1,061)	(1,353)	(1,252)	(1,812)	(5,478)
Impairment loss	(1,495)	–	–	–	(1,495)
At 31 March 2004	**2,444**	**1,813**	**4,953**	**4,037**	**13,247**
Accumulated Depreciation:					
At 1 April 2003	597	2,503	3,540	1,804	8,444
Charges for the year	88	178	598	744	1,608
Written back on disposals	(124)	(1,353)	(884)	(1,371)	(3,732)
At 31 March 2004	**561**	**1,328**	**3,254**	**1,177**	**6,320**
Net Book Value:					
At 31 March 2004	**1,883**	**485**	**1,699**	**2,860**	**6,927**
At 31 March 2003	4,403	573	2,365	3,600	10,941

The leasehold land and buildings are held outside Hong Kong under long term lease.

The net book value of motor vehicles held under purchase contracts at 31 March 2004 amounted to HK$2,693,000 (2003: HK$2,856,000).

14. GOODWILL

	Goodwill	Negative goodwill	Net
	HK$'000	*HK$'000*	*HK$'000*
Cost:			
At 1 April 2003 and 31 March 2004	12,195	(10,821)	1,374
Accumulated amortisation and impairment/ (accumulated amount recognised as income):			
At 1 April 2003	9,516	(5,952)	3,564
Amortisation for the year	584	–	584
Amount recognised as income during the year	–	(2,164)	(2,164)
At 31 March 2004	10,100	(8,116)	1,984
Carrying Amount:			
At 31 March 2004	2,095	(2,705)	(610)
At 31 March 2003	2,679	(4,869)	(2,190)

15. INVESTMENT PROPERTIES

	2004	2003
	HK$'000	*HK$'000*
At 1 April 2003	**17,580**	30,300
Disposals	**(6,580)**	(10,000)
Revaluation increase/(decrease)	**2,000**	(2,720)
At 31 March 2004	**13,000**	17,580
Analysis by lease terms and geographical locations:		
Leasehold properties situated in Hong Kong held under:		
Long term leases	**–**	2,600
Medium term leases	**13,000**	11,000
Leasehold properties situated outside Hong Kong held under long term leases	**–**	3,980
	13,000	17,580

15. INVESTMENT PROPERTIES *(Continued)*

The investment properties were valued by Chesterton Petty Limited, an independent professionally qualified property valuer, on an open market, existing use basis at 31 March 2004. Certain of the above properties at a valuation of HK$13 million were pledged to secure banking facilities granted to the Group, as detailed in note 27 to the financial statements.

16. PROPERTIES UNDER DEVELOPMENT

The properties under development represent costs incurred by the Group, net of provisions, in relation to the development of the City-in-City Project which involves the development of bungalows, a commercial complex and other residential buildings in Zhongshan, the People's Republic of China (the "PRC").

In September 1992, the Group, through its agent, entered into a co-operative agreement with Zhonshan Shi Huancheng Construction Development Corporation ("Zhongshan Corporation") for the purpose of jointly developing the land where the City-in-City Project is located (the "Land"). Pursuant to the terms of the co-operative agreement, Zhongshan Corporation was to contribute the Land and the Group would finance the costs of construction in respect of the Land and pay Zhongshan Corporation a fee of RMB 10,000,000 (approximately HK$9,346,000).

The costs of the properties under development include the above-mentioned fee of RMB 10,000,000 (approximately HK$9,346,000) payable to Zhongshan Corporation, 50% of which was paid in 1994. The balance of RMB5,000,000 (approximately HK$4,673,000) has been included in the financial statements as accounts payable under current liabilities.

The bungalows were all sold in previous years. The amount at the balance sheet date represents the cost in relation to the development of a commercial complex and other residential buildings, net of a provision for impairment in value at the amount of HK$5,447,000. In the previous years, deposits received by the Group on the pre-sale of the commercial complex amounted to HK$14,624,000 as recorded under "Deposits received" in the consolidated balance sheet.

On 16 May 2003, the Group entered into an agreement (the "Termination Agreement") with Zhongshan Corporation to terminate the co-operative agreement for the City-in-City Project. Pursuant to the Termination Agreement, the Group returned the properties under development with a carrying value of HK$14,624,000 to Zhongshan Corporation in full settlement for the above-mentioned deposits received of HK$14,624,000. In addition, the Group transferred certain investment properties in Mainland China with a carrying value of HK$3,980,000 (see note 15) to Zhongshan Corporation in full settlement for the aforesaid land cost payable of RMB5,000,000.

17. PROPERTY HELD FOR REDEVELOPMENT

	2004	2003
	HK$'000	*HK$'000*
Cost	**33,000**	94,643
Add: Impairment written back	**12,000**	–
Less: Impairment	**–**	(61,643)
	45,000	33,000

The property held for redevelopment is situated in Hong Kong, held under medium term lease and is pledged to secure banking facilities granted to the Group, as further detailed in note 27 to the financial statements.

18. INTERESTS IN SUBSIDIARIES

	Company	
	2004	2003
	HK$'000	*HK$'000*
Unlisted shares, at cost	**4,100**	4,100
Less: Provision for impairment	**(4,100)**	(4,100)
	–	–
Amount due from a subsidiary	**571,618**	562,551
Less: Provision against an amount due from a subsidiary	**(423,690)**	(260,688)
	147,928	301,863
	147,928	301,863

The amount due from a subsidiary is unsecured, bearing interest at 2% per annum and has no fixed repayment terms.

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Particulars of the principal subsidiaries at 31 March 2004 are as follows:

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Devonia Development Limited	Hong Kong	HK$10,000	–	100	Property development
Ever-Long Finance Limited	Hong Kong	HK$22,500,000	–	100	Provision of financing services
Ever-Long Securities Company Limited	Hong Kong	HK$100,000,000	–	100	Securities broking and provision of financing services
Kalomex (International) Limited	Hong Kong	HK$2,000,000	–	100	Trading of garment
Kippton Limited ("Kippton")	Hong Kong	HK$10,000	–	86.8	Investment holding
Sheng Da Investment Holding (Hong Kong) Limited ("Sheng Da")	Hong Kong	HK$204,082	–	48.9*	Investment holding
Styland (Development) Limited	Hong Kong	HK$4	–	100	Property development
Styland Enterprises Limited	Hong Kong	HK$2	100	–	Provision of management services

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and operations	Nominal value of issued ordinary share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Styland (International) Limited	Hong Kong	HK$100,000	–	100	Securities trading
Thunderbolt Property Corp.	British Virgin Islands/ Hong Kong	HK$8	100	–	Investment holding

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

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

19. INTEREST IN A JOINT VENTURE

	2004	2003
	HK$'000	*HK$'000*
Unlisted investment, at cost	**551,837**	551,837
Less: Accumulated amortisation	**(245,494)**	(176,984)
Impairment loss	**(174,913)**	–
	131,430	374,853
Amount due to the joint venture	**(2,386)**	(2,386)
Dividend receivable	**20,534**	–
	149,578	372,467

19. INTEREST IN A JOINT VENTURE *(Continued)*

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

Pursuant to the joint venture agreement, the Group cannot control or exercise significant influence over Dong Seng and is only entitled to profit distribution throughout the operational period of 18 years. Upon expiry of the joint venture, the toll expressway will be returned to the joint venture partner. Accordingly, the investment in Dong Seng is stated at cost and amortised over the operational period of 18 years.

The investment in Dong Seng is pledged to secure a bank loan granted to the Group, as further detailed in note 27 to the financial statements.

The amount due to the joint venture is unsecured, interest-free and has no fixed repayment terms.

20. LONG TERM INVESTMENTS

	2004	2003
	HK$'000	*HK$'000*
Long term non-trading investments		
Listed equity investments in Hong Kong, at cost	**107,684**	158,390
Less: Provision for impairment	**(103,659)**	(151,805)
	4,025	6,585
Unlisted equity investments, at cost	**138,267**	138,264
Less: Provision for impairment	**(137,127)**	(80,362)
	1,140	57,902
	5,165	64,487
Other long term investments		
Listed equity investments in Hong Kong, at market value	**–**	1,322
	5,165	65,809

20. LONG TERM INVESTMENTS *(Continued)*

Particulars of the principal investments are as follows:

Company	**Place of incorporation**	**Class of shares held**	**Percentage of equity attributable to the Group**
Riverhill Holdings Limited	Cayman Islands	Ordinary	19.23
Inworld Group Limited	Cayman Islands	Ordinary	5.74
Well Pacific Investments Limited	British Virgin Islands	Ordinary	22
Seven Perfect Investment Co., Limited	British Virgin Islands	Ordinary	20
World Mark Investment Limited	British Virgin Islands	Ordinary	40

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

The market value of the long term non-trading listed equity investments which are stated at cost less impairment losses at the balance sheet date, was approximately HK$4,720,000 (2003: HK$32,917,000).

21. INVENTORIES

	2004	2003
	HK$'000	*HK$'000*
Raw materials	**355**	2,455
Finished goods	**1,243**	1,688
	1,598	4,143

No inventories were carried at net realisable value at 31 March 2004 (2003: Nil).

22. LOANS RECEIVABLE

An aged analysis of loans receivable is as follows:

	2004	2003
	HK$'000	*HK$'000*
Within 6 months	**25,532**	36,336
7 to 12 months	**14,824**	49,518
Over 1 year	**75,855**	102,192
	116,211	188,046
Provision for doubtful debts	**(56,014)**	(116,028)
	60,197	72,018
Securities dealing and broking business:		
Amounts receivable from margin clients	**38,477**	39,954
Financing business:		
Secured loans	**17,556**	22,167
Unsecured loans	**4,164**	9,897
	60,197	72,018

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

Secured loans are secured by marketable securities with market value of HK$50,575,000 at 31 March 2004 (2003: HK$45,050,000). Certain of the marketable securities have been pledged to secure bank loans granted to the Group as further detailed in note 27 to the financial statements.

23. ACCOUNTS RECEIVABLE

	2004	2003
	HK$'000	*HK$'000*
Balance in relation to:		
Securities dealing and broking	**3,184**	4,777
General trading and others	**6,194**	8,856
	9,378	13,633
An aged analysis of the Group's accounts receivable is as follows:		
Within 6 months	**9,303**	13,355
7 to 12 months	**351**	189
Over 1 year	**4,338**	4,218
	13,992	17,762
Provision for doubtful debts	**(4,614)**	(4,129)
	9,378	13,633

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

24. SHORT TERM INVESTMENTS

	2004	2003
	HK$'000	*HK$'000*
Listed equity investments in Hong Kong, at market value	**17,309**	1,287

25. ACCOUNTS PAYABLE, OTHER PAYABLES AND ACCRUALS

	2004	2003
	HK$'000	*HK$'000*
Balances in relation to:		
Securities dealing and broking	**19,502**	24,565
General trading and others	**14,753**	24,391
	34,255	48,956

An aged analysis of the Group's accounts payable is as follows:

	2004	2003
	HK$'000	*HK$'000*
Within 6 months	**16,875**	18,630
7 to 12 months	**660**	2,583
Over 1 year	**4,835**	4,366
Accounts payable	**22,370**	25,579
Other payables and accruals	**11,885**	23,377
	34,255	48,956

26. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The Group leases certain of its motor vehicles for business use. These leases are classified as hire purchase contracts and have remaining lease terms ranging from one to five years.

At 31 March 2004, the total future minimum lease payments under hire purchase contracts and their present values were as follows:

Group	Minimum lease payments		Present value of minimum lease payments	
	2004	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Amounts payable:				
Within one year	**893**	801	**795**	681
In the second year	**893**	767	**843**	687
In the third to fifth years, inclusive	**409**	1,093	**402**	1,048
Total minimum hire purchase payments	**2,195**	2,661	**2,040**	2,416
Less: Future hire purchase interest	**(155)**	(245)		
Hire purchase payables	**2,040**	2,416		
Portion classified as current liabilities	**(795)**	(681)		
Long term portion	**1,245**	1,735		

27. INTEREST-BEARING BANK LOANS

	2004	2003
	HK$'000	*HK$'000*
Bank loans, secured	**120,697**	143,963
Bank overdrafts, secured	**7,866**	6,215
Total bank loans	**128,563**	150,178
Portion classified as current liabilities	**(48,572)**	(71,900)
Long term portion	**79,991**	78,278
Bank loans and overdrafts are repayable:		
Within one year	**48,572**	71,900
In the second year	**19,039**	30,475
In the third to fifth years, inclusive	**50,450**	34,598
Beyond five years	**10,502**	13,205
	128,563	150,178

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

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

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

(iii) certain of the Group's investment properties and properties held for redevelopment situated in Hong Kong;

(iv) certain of the Group's time deposits; and

(v) investment in a joint venture.

28. SHARE CAPITAL

	2004	2003
	HK$'000	*HK$'000*
Authorised:		
200,000,000,000 Ordinary shares of HK$0.01 each	**2,000,000**	2,000,000
Issued and fully paid:		
1,871,188,679 (2003: 1,633,398,618) Ordinary shares of HK$0.01 each	**18,712**	16,334

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

	Number of shares in issue	**Share capital**
		HK$'000
At 1 April 2002	1,496,398,618	14,964
Placement of new shares	100,000,000	1,000
Shares issued upon exercise of share options	37,000,000	370
At 31 March 2003 and 1 April 2003	1,633,398,618	16,334
Shares issued upon exercise of share options	237,790,061	2,378
At 31 March 2004	**1,871,188,679**	**18,712**

29. SHARE OPTION SCHEME

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

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

29. SHARE OPTION SCHEME *(Continued)*

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

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

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

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

	Number of share options							
Name of grantee	**At 1 April 2003**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**At 31 March 2004**	**Date of grant of share options**	**Exercise period of share options**	**Exercise price of share options** *HK$*
Directors								
Mr. Johnny Wing Fai Tam	–	17,000,000	–	–	17,000,000	13 November 2003	13 Nov 2003 – 12 Nov 2006	0.0228
Mr. Suet Ming Ching	–	17,000,000	17,000,000	–	–	13 November 2003	13 Nov 2003 – 12 Nov 2006	0.0228
Other employees – in aggregate								
First grant	–	116,339,861	87,240,261	14,549,800	14,549,800	20 June 2003	20 Jun 2003 – 19 Jun 2006	0.0148
Second grant	–	14,549,800	14,549,800	–	–	15 August 2003	15 Aug 2003 – 14 Aug 2006	0.026
Third grant	–	136,000,000	119,000,000	–	17,000,000	13 November 2003	13 Nov 2003 – 12 Nov 2006	0.0228
Total	–	300,889,661	237,790,061	14,549,800	48,549,800			

The 237,790,061 share options exercised during the year resulted in the issue of 237,790,061 ordinary shares of the Company and new share capital of HK$2,378,000 and share premium of HK$2,393,000, as detailed in note 28 and 30 to the financial statements, respectively.

At the balance sheet date, the Company had 48,549,800 share options outstanding under the Scheme.

30. RESERVES

	Share premium account HK$'000	Capital redemption reserve HK$'000	Special capital reserve HK$'000	Contributed surplus HK$'000	Accumulated losses HK$'000	Total HK$'000
Company						
At 1 April 2002	25,383	6,040	571,147	621,562	(682,145)	541,987
Issue of shares upon exercise of share options	2,035	–	–	–	–	2,035
Issue of new shares	6,200	–	–	–	–	6,200
Shares issue expenses	(180)	–	–	–	–	(180)
Loss for the year	–	–	–	–	(264,736)	(264,736)
At 31 March 2003 and 1 April 2003	33,438	6,040	571,147	621,562	(946,881)	285,306
Special dividend paid	–	–	–	(1,749)	–	(1,749)
Issue of new shares upon exercise of share options	2,393	–	–	–	–	2,393
Loss for the year	–	–	–	–	(156,497)	(156,497)
At 31 March 2004	35,831	6,040	571,147	619,813	(1,103,378)	129,453

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

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

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Disposal of subsidiaries

	2004	2003
	HK$'000	*HK$'000*
Net assets disposed of:		
Fixed assets	–	1,733
Goodwill	–	5,992
Inventories	–	127
Prepayments, deposits and other receivables	–	319
Cash and bank balances	–	317
Accounts receivable	–	2,520
Accounts payable, other payables and accrued liabilities	–	(5,284)
	–	5,724
Loss on disposal	–	(702)
	–	5,022
Satisfied by:		
Cash	–	600
Long term investment	–	4,422
	–	5,022

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries are as follows:

Cash consideration	–	600
Cash and bank balances disposed of	–	(317)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	–	283

No subsidiary was disposed during the year.

(b) Major non-cash transactions

(i) During the year, the Group entered into hire purchase contracts in respect of fixed assets with a total capital value at the inception of the leases of HK$340,000 (2003: HK$1,580,000).

31. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT *(Continued)*

(b) Major non-cash transactions *(continued)*

(ii) During the year, a special dividend in specie amounting to HK$1,749,000 was paid, details of which is set out in note 11 to the financial statements.

(iii) During the year, the Group has disposed the properties under development and certain investment properties to settle the deposits received and land cost payable. Further details of the transaction are set out in note 16 to the financial statements.

32. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 15) under operating lease arrangements, with leases negotiated for terms ranging from one to two years.

At 31 March 2004, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2004	2003
	HK$'000	*HK$'000*
Within one year	**–**	132

No contingent rental receivable is recognised by the Group during the year (2003: Nil).

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 March 2004, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2004	2003
	HK$'000	*HK$'000*
Within one year	**772**	1,135
In the second to fifth years, inclusive	**110**	598
	882	1,733

The Company had no commitments under operating leases at the balance sheet date (2003: Nil).

33. CAPITAL COMMITMENTS

In addition to the operating lease commitments detailed in note 32(b) above, the Group had the follow capital commitments at the balance sheet date.

	2004	2003
	HK$'000	*HK$'000*
Authorised, but not contracted for:		
Properties held for redevelopment	**9,000**	9,000

The Company had no capital commitments at the balance sheet date (2003: Nil).

34. CONTINGENT LIABILITIES

As at 31 March 2004, the Company had contingent liabilities in respect of corporate guarantees given to banks in connection with the banking facilities granted to certain subsidiaries, of which HK$38,358,000 (2003: HK$28,499,000) had been utilised at 31 March 2004.

35. POST BALANCE SHEET EVENTS

The trading of the shares of the Company on the Stock Exchange has been suspended since 21 April 2004 pending for a possible corporate exercise.

36. COMPARATIVE FIGURES

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