

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, as modified by the revaluation of investment properties and land and buildings, and in accordance with Hong Kong Financial Reporting Standards.

The principal accounting policies adopted in the preparation of these accounts are set out below.

(a) Basis of preparation

The consolidated accounts included the accounts of the Company and its subsidiary companies made up to 30th April and the Group's attributable share of post-acquisition results and reserves of the associated company.

The results of subsidiary companies and associated company acquired or disposed of during the year are included in the consolidated profit and loss account from the date on which control is transferred to the Group or to the date control ceases, as applicable.

All significant inter-company transactions and balance within the Group are eliminated on consolidation.

The profits or losses on the disposal of subsidiary companies and associated company are determined as the difference between the net disposal proceeds and the Group's share of net assets at the date of disposal including the attributable amount of goodwill which remains unamortised or previously taken directly to reserves.

(b) Goodwill

Goodwill represents the difference between the costs of acquisition over the fair values ascribed to the Group's share of the net assets of the acquired subsidiary companies or associated companies at the effective date of acquisition. Goodwill on acquisitions is included in the balance sheet as a separate asset and amortised using the straight-line method over its estimated useful life of not more than twenty years. Where the fair values ascribed to the net assets exceed the purchase consideration, such differences are recognised in the profit and loss account as income in the year of acquisition or over the weighted average useful life of the acquired non-monetary assets.

The carrying amount of goodwill is reviewed annually and provision is only made when, in the opinion of the Directors, there is impairment in value other than temporary in nature.

(c) Subsidiary companies

A company is a subsidiary company if more than 50% of the issued equity capital is held, directly and indirectly, for the long-term or if the composition of the board of directors is controlled by the Group. Investments in subsidiary companies are carried in the Company's balance sheet at or below cost. Provision is made when, in the opinion of the Directors, there is impairment in value other than temporary in nature.

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(d) Associated company

An associated company is a company, not being a subsidiary company, in which an equity interest is held for the long-term and significant influence is exercised in its management. Associated companies are accounted for under the equity method whereby the Group's share of results is included in the consolidated profit and loss account and the Group's share of net assets is included in the consolidated balance sheet.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost or valuation less accumulated depreciation and provision for significant permanent impairment in values.

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, any rental income being negotiated at arm's length. Investment properties held on leases of more than twenty years are carried at open market value based on valuations by independent valuers at the balance sheet date. Deficits in valuation are charged to the profit and loss account; increases are first credited to the profit and loss account to the extent of valuation deficits previously charged on a portfolio basis and thereafter credited to the investment property valuation reserve. Upon the disposal of an investment property, any relevant revaluation surplus is transferred to the profit and loss account.

Land and buildings other than investment properties are carried at open market value based on valuations by independent valuers at the balance sheet date. The valuation is related to individual property and separate values are not attributed to land and buildings. Deficits in valuation are charged to the profit and loss account; increases are first credited to the profit and loss account to the extent of valuation deficits in respect of the same property and are thereafter credited to the land and building valuation reserve. Upon disposal of land and buildings, any relevant revaluation surplus is transferred to accumulated loss.

No depreciation is provided in respect of investment properties held on leases of more than twenty years. Land and buildings are depreciated on the straight-line basis over the remaining period of the leases. Depreciation of other assets is calculated to write off the cost of the assets over their estimated useful lives using reducing balance method at the following annual rates:

Furniture and fixtures	10%
Office equipment	20%

Major costs incurred in restoring assets to their normal working conditions are charged to the profit and loss account. Improvements are capitalised and depreciated over their expected useful lives to the Group. The carrying amounts of asset are reviewed regularly. Where the estimated recoverable amounts have declined permanently below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts. Expected future cash flows have been discounted in determining the recoverable amounts.

Profits and losses on disposal, other than investment properties, are determined as the difference between the net disposal proceeds and the carrying amounts of the assets are dealt with in the profit and loss account.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(f) Land held for development

Land held for development is carried at cost, which includes development and construction expenditures incurred and interest and other direct costs attributable to the development, less provision. Provision is made when, in the opinion of the Directors, there is impairment in value other than temporary in nature.

(g) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost, comprising land cost, development and construction expenditures, interest and other direct costs attributable to the development. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

(h) Investments

Investments expected to be held for the long-term are included in the balance sheet under non-current assets and are stated at cost less provision for impairment in value other than temporary in nature. Trading investments, which are acquired principally for the purpose of generating a profit from short-term fluctuation in price, are included in the balance sheet under current assets and are carried at fair values. The net unrealised gains or losses arising from the changes in fair values are recognised in the profit and loss account. Profits or losses on disposal of trading investments, representing the differences between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

(i) Deferred taxation

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred taxation is provided on temporary differences arising on investments in subsidiaries companies and associated company, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In previous years, deferred taxation was accounted for using the liability method at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. This accounting policy has been changed to conform with the revised Statement of Standard Accounting Practice No 12 "Income taxes" issued by the Hong Kong Society of Accountants. The adoption of the revised accounting policy has no effect to the accounts of the Group.

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)**(j) Provisions**

Provisions are recognised when there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource will be required to settle the obligation, and a reliable estimate of the amount can be made. Where a provision is expected to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

(k) Operating lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Rental payable, net of incentives received from the lessors, under operating leases are charged to the profit and loss account on a straight-line basis over the lease periods.

(l) Employee benefits

Contributions under the defined contribution retirement scheme, which are calculated as a percentage of basic salaries of the employees, are charged to the profit and loss account in the year to which the contributions relate.

Employee entitlements to annual leave and long service leave are recognised when they accrued to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Provision for bonus plans due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(m) Revenue recognition

Sale of completed properties is recognised when the sale agreement is completed and legal title passed to the purchasers. Rental income, net of incentives paid to lessees, under operating leases is recognised over the periods of the respective leases on a straight-line basis. Interest income is recognised on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable. Dividend income is recognised when the right to receive payment is certain.

(n) Borrowing costs

Interest and related costs on borrowings directly incurred to finance the acquisition, construction and development of an asset that is required to take a substantial period of time to get ready and prepare for its intended use are capitalised as part of the cost of the asset. All other borrowing costs are charged to the profit and loss account as they are incurred.

NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES (CONT'D)

(o) Translation of foreign currencies

Transactions in foreign currencies during the year are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at that date. Exchange differences arising are dealt with in the profit and loss account.

Profit and loss accounts of subsidiary companies and associated company expressed in foreign currencies are translated at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling at the balance sheet date. Exchange differences arising from the translation of net investments in foreign subsidiary companies and associated company are taken directly to reserves.

2. TURNOVER

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Rental income	<u>1,857</u>	<u>1,943</u>

3. SEGMENT INFORMATION

The Group is principally engaged in property investment, development and investment holding. In accordance with the Group's internal financial reporting and operating activities, the primary segment reporting is by business segments and the secondary segment reporting is by geographical segments. Segment assets consist primarily of non-current assets, debtors and prepayments. Segment liabilities comprise creditors and accruals. There are no sales or trading transactions between the business segments. In respect of geographical segment reporting, sales are based on the country in which the customer is located. Total assets and capital expenditure are where the assets are located.

NOTES TO THE ACCOUNTS

3. SEGMENT INFORMATION (CONT'D)

A summary of business segment is set out as follows:

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 30th April 2004				
Turnover	1,857	–	–	1,857
Segment results	1,448	(1,244)	3,613	3,817
Financial expenses				(4,472)
Share of profit of an associated company	–	–	1,203	1,203
Minority interests	–	44	–	44
Profit attributable to shareholders				592
Segment assets	33,060	4,162	69,600	106,822
Investment in an associated company	–	–	5,425	5,425
Unallocated assets				6,494
Total assets				118,741
Segment liabilities	540	–	–	540
Unallocated liabilities				63,115
Total liabilities				63,655
Capital expenditures	–	–	61	61
Depreciation	–	–	174	174
Provision for property held for sale	–	1,244	–	1,244

NOTES TO THE ACCOUNTS

3. SEGMENT INFORMATION (CONT'D)

	Property investment <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Investment holding <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 30th April 2003				
Turnover	<u>1,943</u>	<u>–</u>	<u>–</u>	<u>1,943</u>
Segment results	(5,521)	–	5,201	(320)
Financial expenses				(4,207)
Share of loss of an associated company	–	–	(7,623)	(7,623)
Minority interests	–	41	–	<u>41</u>
Loss attributable to shareholders				<u>(12,109)</u>
Segment assets	31,667	5,406	66,207	103,280
Investment in an associated company	–	–	4,222	4,222
Unallocated assets				<u>7,009</u>
Total assets				<u>114,511</u>
Segment liabilities	577	–	–	577
Unallocated liabilities				<u>59,440</u>
Total liabilities				<u>60,017</u>
Capital expenditures	–	–	1,004	1,004
Depreciation	<u>–</u>	<u>–</u>	<u>206</u>	<u>206</u>

A summary of geographical segment is set out as follows:

	Hong Kong		Malaysia/Singapore		Mainland China		Total	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Turnover	1,335	1,457	458	468	64	18	1,857	1,943
Operating profit/(loss)	1,112	(6,473)	(1,095)	(1,047)	3,800	7,200	3,817	(320)
Total assets	38,966	36,894	9,627	9,982	70,148	67,635	118,741	114,511
Capital expenditure	<u>61</u>	<u>9</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>995</u>	<u>61</u>	<u>1,004</u>

NOTES TO THE ACCOUNTS

4. OTHER REVENUES

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Write back of provision for land held for development	3,605	–
Profit on disposal of investment properties	211	–
Profit on disposal of trading investments	5	–
Write back of creditors and accruals	–	7,389
	<u>3,821</u>	<u>7,389</u>

5. OPERATING PROFIT/(LOSS)

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Operating profit/(loss) is stated after charging the following:		
Depreciation	174	206
Staff costs (including Directors' remuneration)		
Salaries and other allowances	629	849
Contributions to defined contribution retirement scheme	34	46
Loss on disposal of trading investments	–	948
Unrealised loss on trading investments	–	246
Loss on disposal of plant and equipment	416	–
Bad debts written off	–	561
Auditors' remuneration	280	280
	<u>280</u>	<u>280</u>

6. FINANCIAL EXPENSES

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Interest on bank loans	1,054	1,206
Interest on loans from shareholders (<i>note 23</i>)	2,867	2,575
Interest on loans from related companies (<i>note 23</i>)	551	426
	<u>4,472</u>	<u>4,207</u>

NOTES TO THE ACCOUNTS

7. EMOLUMENTS OF DIRECTORS AND SENIOR EXECUTIVES

(a) Directors' emoluments

Details of the emoluments paid to the Directors of the Company are as follow:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Fees	24	24
Salaries and other emoluments	382	562
Bonuses	47	54
Retirement benefits	26	38
	<u>479</u>	<u>678</u>

The emoluments of each of the Directors were below HK\$1,000,000. None of the Directors has waived the right to receive their emoluments. No fees has been paid to Independent Non-Executive Directors during the year (2003: nil).

(b) Executives' emoluments

Of the five highest paid individuals in the Group, three (2003: three) are Directors of the Group whose emoluments are shown in (a) above. The emoluments of the remaining two (2003: two) individuals are as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Salaries and other emoluments	176	209
Retirement benefits	8	8
	<u>184</u>	<u>217</u>

The emoluments of each of the two individuals were below HK\$1,000,000.

NOTES TO THE ACCOUNTS

8. TAXATION

No provision for Hong Kong profits tax or overseas taxation has been made as there is no assessable profit for the year (2003: nil). The taxation on the loss before taxation of the Group differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Profit/(loss) before taxation	548	(12,150)
Tax charge/(asset) at the tax rate of 17.5%	96	(2,126)
Income not subject to taxation	(1,512)	(1,386)
Expenses not deductible for taxation purposes	957	3,040
Temporary differences not recognised	(90)	(83)
Taxation losses not recognized	549	555
	<hr/>	<hr/>
Tax charge	—	—
	<hr/>	<hr/>

Deferred taxation asset of the Group and the Company amounting to HK\$6,845,000 (2003: 6,213,000) and HK\$6,648,000 (2003: 6,016,000), respectively, arising from unused tax losses has not been recognised in the accounts. Unused tax losses have no expiry date.

9. EARNINGS/(LOSS) PER SHARE

The calculation of earnings/(loss) per share is based on the profit attributable to shareholders for the year of HK\$592,000 (2003: loss of HK\$12,109,000) and on the 591,047,975 shares (2003: 591,047,975 shares) in issue during the year.

NOTES TO THE ACCOUNTS

10. PROPERTY, PLANT AND EQUIPMENT

Group

	Investment properties <i>HK\$'000</i>	Land and buildings <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost or valuation				
At 30th April 2003	30,420	5,600	1,596	37,616
Additions	–	–	61	61
Disposals	(1,071)	–	(1,172)	(2,243)
Revaluation	3,078	(100)	–	2,978
	<u>32,427</u>	<u>5,500</u>	<u>485</u>	<u>38,412</u>
At 30th April 2004	32,427	5,500	485	38,412
Accumulated depreciation				
At 30th April 2003	–	–	1,039	1,039
Charge for the year	–	112	62	174
Disposals	–	–	(756)	(756)
Revaluation	–	(112)	–	(112)
	<u>–</u>	<u>–</u>	<u>345</u>	<u>345</u>
At 30th April 2004	–	–	345	345
Net book value				
At 30th April 2004	32,427	5,500	140	38,067
At 30th April 2003	30,420	5,600	557	36,577

NOTES TO THE ACCOUNTS

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

	Investment properties <i>HK\$'000</i>	Furniture, fixtures and equipment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Cost or valuation			
At 30th April 2003	30,420	1,296	31,716
Additions	–	61	61
Disposals	(1,071)	(967)	(2,038)
Revaluation	3,078	–	3,078
At 30th April 2004	32,427	390	32,817
Accumulated depreciation			
At 30th April 2003	–	909	909
Charge for the year	–	46	46
Disposals	–	(687)	(687)
Revaluation	–	–	–
At 30th April 2004	–	268	268
Net book value			
At 30th April 2004	32,427	122	32,549
At 30th April 2003	30,420	387	30,807

Investment properties of HK\$31,886,000 (2003: HK\$28,787,000) and HK\$541,000 (2003: HK\$1,633,000) are held under medium term leases in Hong Kong and Mainland China, respectively. The land and buildings are held under medium term leases in Hong Kong. Investment properties were revalued at 30th April 2004 on an open market value basis by Chesterton Petty Limited, independent professional valuers. The land and buildings were revalued at 30th April 2004 by the Directors with reference to the disposal value subsequent to the balance sheet date as detailed below. All other assets are carried at cost. Had land and buildings been carried at cost, the net book value of land and buildings would have been HK\$5,710,000 (2003: HK\$5,863,000).

Investment properties and land and buildings amounting to HK\$30,886,000 (2003: HK\$27,927,000) and HK\$5,500,000 (2003: HK\$5,600,000), respectively, have been pledged to secure general banking facilities granted to the Group.

On 19th May 2004, the land and buildings were disposed of to a third party at a consideration of HK\$5,500,000.

NOTES TO THE ACCOUNTS

11. LAND HELD FOR DEVELOPMENT

	Group	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Cost	69,600	69,600
Provision	—	(3,605)
	69,600	65,995

The land, which was purchased in 1996, is located in the Pudong area in Shanghai, Mainland China, under a land use right with a term of 50 years expiring in 2044. The Directors intend to commence development activities on this piece of land when the market conditions are appropriate to commence such activities. Based on a valuation prepared by Chesterton Petty Limited, independent registered valuers, the estimated market value of this land, on an open market basis under the present condition as at 30th April 2004 is HK\$79,000,000 (2003: HK\$77,000,000).

12. SUBSIDIARY COMPANIES

	Company	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Unlisted shares, at cost	2,105	2,105
Amounts receivable	79,794	79,792
Amounts payable	(1,670)	(1,681)
Provision	(21,000)	(20,000)
	59,229	60,216

The amounts receivable and payable are unsecured, interest free and have no specific repayment terms.

NOTES TO THE ACCOUNTS

12. SUBSIDIARY COMPANIES (CONT'D)

Particulars of the subsidiary companies are as follows:

Name	Place of incorporation/ operations	Issued and paid up capital	Percentage of equity interest held		Principal activities
			Directly	Indirectly	
Hopemore Development Limited	Hong Kong	HK\$100	100	–	Property holding and management
Panluck Limited	Hong Kong	HK\$100,000	100	–	Investment holding
Mallia Limited	Hong Kong	HK\$2	100	–	Dormant
Berjaya U-Luck Investments Limited	Hong Kong	HK\$10,000	51	–	Dormant
Shanghai Berjaya-Huitong Real Estate Development Company Limited	Mainland China	US\$8,407,432	–	82	Property holding
Wing Hung Kee Commodities Limited	Hong Kong	HK\$2,000,000	100	–	Dormant
Zhong Freight Limited *	Hong Kong	HK\$1,000,000	55	–	Dormant
C & C Freight International (Beijing) Limited *	Mainland China	RMB3,750,000	–	27.5	Dormant

* Under creditors' voluntary liquidation since 1995

NOTES TO THE ACCOUNTS

13. ASSOCIATED COMPANY

	Group		Company	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Unlisted shares, at cost	8,200	8,200	8,200	8,200
Share of retained reserves	(2,775)	(3,978)	–	–
Share of net assets	5,425	4,222	8,200	8,200
Provision	–	–	(2,650)	(4,000)
	5,425	4,222	5,550	4,200

The investment represents 20% equity interest in Greenland Timber Industries (Pte) Limited, incorporated in Singapore, whose principal activity is investment holding.

14. LONG-TERM INVESTMENTS

	Group and Company	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Club debenture, at cost	295	295

15. AMOUNT DUE FROM A SHAREHOLDER

	Group and Company	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Berjaya Group Berhad	559	557

The amount receivable is unsecured, non-interest bearing and not repayable within the next twelve months.

NOTES TO THE ACCOUNTS

16. DEBTORS AND PREPAYMENTS

	Group		Company	
	2004	2003	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade debtors	60	90	60	90
Other debtors and prepayments	472	441	379	348
	<u>532</u>	<u>531</u>	<u>439</u>	<u>438</u>

The credit terms granted to trade debtors are usually 15 days. The ageing analysis of the trade debtors, based on the due date of the invoices, is as follows:

	Group		Company	
	2004	2003	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
31 to 90 days	43	84	43	84
Over 180 days	17	6	17	6
	<u>60</u>	<u>90</u>	<u>60</u>	<u>90</u>

17. TRADING INVESTMENTS

	Group and Company	
	2004	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted shares, at cost	11,204	11,204
Provision	<u>(11,204)</u>	<u>(11,204)</u>
	-	-
Listed shares, at market value	<u>-</u>	<u>212</u>
	<u>-</u>	<u>212</u>

NOTES TO THE ACCOUNTS

18. CREDITORS AND ACCRUALS

	Group		Company	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Trade creditors	–	–	–	–
Other creditors	597	589	597	589
Accrued expenses	804	856	676	782
	1,401	1,445	1,273	1,371

19. SHARE CAPITAL

	2004 HK\$'000	2003 HK\$'000
<i>Authorised:</i>		
1,250,000,000 shares of HK\$0.20 each	250,000	250,000
<i>Issued and fully paid:</i>		
591,047,975 shares of HK\$0.20 each	118,210	118,210

20. RESERVES

	Share premium HK\$'000	Exchange translation reserve HK\$'000	Accumulated loss HK\$'000	Total HK\$'000
Group				
At 30th April 2002	12,282	756	(64,392)	(51,354)
Changes in exchange rates	–	(253)	–	(253)
Loss for the year	–	–	(12,109)	(12,109)
At 30th April 2003	12,282	503	(76,501)	(63,716)
Profit for the year	–	–	592	592
At 30th April 2004	12,282	503	(75,909)	(63,124)

NOTES TO THE ACCOUNTS

20. RESERVES (CONT'D)

	Share premium <i>HK\$'000</i>	Exchange translation reserve <i>HK\$'000</i>	Accumulated loss <i>HK\$'000</i>	Total <i>HK\$'000</i>
Company				
At 30th April 2002	12,282	–	(65,794)	(53,512)
Loss for the year	–	–	(14,583)	(14,583)
At 30th April 2003	12,282	–	(80,377)	(68,095)
Loss for the year	–	–	(2,901)	(2,901)
At 30th April 2004	12,282	–	(83,278)	(70,996)

Accumulated loss of the Group included loss retained by an associated company amounting to HK\$2,775,000 (2003: HK\$3,978,000). The Company does not have any reserves available for distribution to the shareholders as calculated under Section 79B of the Hong Kong Companies Ordinance.

21. MINORITY INTERESTS

Minority interests include advances from the minority shareholders of a subsidiary company amounting to HK\$11,000,000 (2003: HK\$11,000,000). The advances are unsecured, interest free and are not repayable within the next twelve months.

22. LONG-TERM BANK LOAN

	Group and Company	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Secured bank loan	13,706	15,439
Current portion included under current liabilities	(854)	(2,308)
	12,852	13,131
The bank loan is repayable in the following years:		
2004	–	2,308
2005	854	2,005
2006	870	2,160
2007	928	2,329
2008	991	2,509
2009	1,057	2,704
2010 onwards	9,006	1,424
	13,706	15,439

NOTES TO THE ACCOUNTS

23. LOANS FROM RELATED COMPANIES

	Group		Company	
	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Shareholders				
Berjaya Group (Cayman) Limited	16,771	12,397	16,772	12,397
Berjaya Group Berhad	23,449	22,886	20,860	20,472
	<u>40,220</u>	<u>35,283</u>	<u>37,632</u>	<u>32,869</u>
Related companies				
Berjaya Engineering and Construction (HK) Limited	3,028	2,804	3,028	2,804
Natural Gain Investments Limited	–	218	–	218
Berjaya Sanhe Real Estate Development Co. Ltd. (formerly known as Berjaya Sanhe Leisure & Culture Development Co. Ltd.)	3,031	2,528	–	–
Berjaya Group Berhad (China) Investment Co. Ltd.	175	162	–	–
	<u>6,234</u>	<u>5,712</u>	<u>3,028</u>	<u>3,022</u>
	<u>46,454</u>	<u>40,995</u>	<u>40,660</u>	<u>35,891</u>

The loans payable are unsecured, carry interest at 3% per annum above the Hong Kong Dollar prime lending rate of The Hong Kong and Shanghai Banking Corporation Limited and are not repayable within the next twelve months.

24. COMMITMENTS

(a) Operating lease rental receivable

The future aggregate minimum lease rental income in respect of investment properties under non-cancellable operating leases is receivable in the following years:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
2004	–	1,632
2005	1,470	390
2006	620	–
	<u>2,090</u>	<u>2,022</u>

24. COMMITMENTS (CONT'D)

(b) Operating lease rental payable

The future aggregate minimum lease rental expense in respect of land and buildings under non-cancellable operating leases is payable in the following years:

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
2005	153	–
2006	114	–
	<u>267</u>	<u>–</u>

(c) Capital commitment

Pursuant to the joint venture agreement dated 19th April 1995 for the establishment of Shanghai Berjaya-Huitong Real Estate Development Company Limited (“Berjaya-Huitong”), the Group agreed to contribute capital of US\$10,000,000 to this subsidiary company on or before 12th May 1997. Although the Group has yet to make the remaining capital contribution of US\$1,592,568 (approximately HK\$12,400,000) at 30th April 2004 to fulfill its commitment under the agreement, in the opinion of the Directors, no consequential exposures or liabilities are envisaged. Berjaya-Huitong has contracted a builder to draft an industrial and commercial complex plan on its leasehold land in Pudong area of Shanghai. The contracted commitment not provided for in the accounts at 30th April 2004 is approximately HK\$3,950,000 (2003: HK\$3,950,000).

25. LITIGATION

In January 2004, Hopemore Development Limited, a wholly owned subsidiary company, entered into an agreement to sell Unit 2301, Wing On House, 71 Des Voeux Road Central, Hong Kong (“the Property”) to a third party (the “Plaintiff”) at a consideration of HK\$5.5 million. Hopemore Development Limited was unable to complete the sale to the Plaintiff due to a pre-emption right in favour of the vendor as contained in the Assignment when Hopemore Development Limited originally purchased the Property on 26th July 1991. The Property in question was subsequently sold to the vendor (note 27) and as a result, the Plaintiff filed a claim against Hopemore Development Limited for breach of the agreement and related damages. Whilst proceedings against Hopemore Development Limited are still at their early stage, the Directors are of the opinion that the ultimate liabilities, if any, should not affect the financial position of the Group as a whole.

NOTES TO THE ACCOUNTS

26. NOTES TO CONSOLIDATED CASH FLOW STATEMENT

(a) Reconciliation of profit/(loss) before taxation to cash used in operations

	2004 <i>HK\$'000</i>	2003 <i>HK\$'000</i>
Profit/(loss) before taxation	548	(12,150)
Share of (profit)/loss of an associated company	(1,203)	7,623
Unrealised loss on trading investments	–	246
Realised (profit)/loss on trading investments	(5)	948
(Surplus)/deficit on revaluation of investment properties and land and buildings	(3,090)	5,033
Realisation of exchange translation reserve	–	(253)
Depreciation	174	206
Interest expenses	4,472	4,207
Profit on disposal of investment properties	(211)	–
Write back of provision for land held for development	(3,605)	–
Provision for property held for sale	1,244	–
Loss on disposal of plant and equipment	416	–
	<hr/>	<hr/>
(Loss)/profit before working capital changes	(1,260)	5,860
(Increase)/decrease in debtors and prepayments	(1)	590
Decrease in creditors and accruals	(44)	(8,554)
Increase in amount due from a shareholder	(2)	–
	<hr/>	<hr/>
Cash used in operations	(1,307)	(2,104)

NOTES TO THE ACCOUNTS

26. NOTES TO CONSOLIDATED CASH FLOW STATEMENT (CONT'D)

(b) Analysis of changes in financing activities

	Long-term bank loan	Loans payable	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 30th April 2002	16,717	34,549	51,266
Repayment of bank loan	(1,278)	–	(1,278)
New loans from related companies	–	2,489	2,489
New loans from shareholders	–	956	956
Interest payable to related companies and shareholders	–	3,001	3,001
At 30th April 2003	15,439	40,995	56,434
Repayment of bank loan	(1,733)	–	(1,733)
New loans from related companies	–	1,131	1,131
New loans from shareholders	–	910	910
Interest payable to related companies and shareholders	–	3,418	3,418
At 30th April 2004	13,706	46,454	60,160

27. SUBSEQUENT EVENT

On 19th May 2004, Hopemore Development Limited disposed of Unit 2301, Wing On House, 71 Des Voeux Road Central, Hong Kong to the vendor as referred to in note 25 above at a consideration of HK\$5,500,000, representing the carrying value at 30th April 2004.

28. APPROVAL OF ACCOUNTS

The accounts were approved by the Board of Directors on 19th July 2004.