

**1. Principal activities**

The principal activities of the Group are property investment and development, manufacturing and sale of watch components, securities investments and trading, and the provision of information technology services.

**2. Principal accounting policies**

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

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Accounting Standards (“new HKFRSs”) which are effective for accounting periods beginning on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the accounts for the year ended 31st March, 2005. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a significant impact on its results of operations and financial position.

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

**(a) Basis of consolidation**

The consolidated accounts include the accounts of the Company and its subsidiaries made up to 31st March and include the Group’s attributable share of post-acquisition results and reserves of associated companies.

Results attributable to subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date on which the control is transferred to the Group or to the date that control ceases, as applicable.

All significant inter-company transactions and balances between group companies are eliminated.

Minority interests represent the interests of outside shareholders in the operating results and net assets of subsidiaries.

## Notes to the Accounts

Year ended 31st March, 2005

### 2. Principal accounting policies (Continued)

#### (b) Goodwill and negative goodwill

Goodwill represents the difference between the cost of an acquisition over the fair values ascribed to the Group's share of the net assets of the acquired subsidiaries and associated companies at the effective date of acquisition. Goodwill on acquisitions that occurred on or after 1st April, 2001 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 as income in the year of acquisition or over the weighted average useful life of the acquired non-monetary assets.

Goodwill and negative goodwill on acquisition that occurred prior to 1st April, 2001 were taken directly to reserves.

The carrying amount of goodwill, including those previously taken directly to reserves, is reviewed annually and provision is only made where, in the opinion of the Directors, there is impairment in value other than temporary in nature.

The profit or loss on disposal of subsidiaries and associated companies is calculated by reference to the Group's share of the net assets at the date of disposal together with the attributable amount of goodwill and negative goodwill which remains unamortised, as well as goodwill and negative goodwill previously taken directly to reserves.

#### (c) Subsidiaries

Subsidiaries are companies in which the Group has the power to exercise control governing the financial and operating policies of the company. In the Company's balance sheet, investments in subsidiaries are stated at cost less any provision for impairment in values. Provision is made when, in the opinion of the Directors, there is impairment in value other than temporary in nature. The results of subsidiaries are accounted for by the Company to the extent of dividend income.

#### (d) Associated companies

An associated company is a company, not being a subsidiary or a joint venture, 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 the results is included in the consolidated profit and loss account and the Group's share of the net assets, together with any unamortised goodwill or negative goodwill, is included in the consolidated balance sheet.

## 2. Principal accounting policies (Continued)

### (e) Fixed assets and depreciation

Fixed assets are stated at cost or valuation less accumulated depreciation and provision for impairment in values.

Investment properties are interests in land and buildings in respect of which construction work and development have been completed and which are held for their investment potential, any rental income being negotiated at arm's length. Investment properties are carried at open market value based on valuations by professional valuers at the balance sheet date and separate values are not attributed to land and buildings. Decreases in valuation are charged to the profit and loss account; increases in valuation are first credited to the profit and loss account to the extent of earlier deficits on a portfolio basis and thereafter are credited to the investment properties revaluation reserve. Upon disposal of an investment property, the relevant revaluation reserve realised is transferred to the profit and loss account.

No depreciation is provided on investment properties held on leases with unexpired periods of more than twenty years. Depreciation of other fixed assets is calculated to write off the cost of the assets over their estimated useful lives or if shorter, the relevant finance lease periods, on a straight line basis at the following annual rates:—

Leasehold land	Remaining term of lease
Buildings	2%
Plant and machinery	10 to 20%
Other fixed assets	10 to 30%

Major costs incurred in restoring fixed assets to their normal working condition 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 assets are reviewed regularly. Where the estimated recoverable amounts have declined below their carrying amounts, the carrying amounts are written down to their estimated recoverable amounts.

Profit and loss on disposal is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the profit and loss account.

## Notes to the Accounts

Year ended 31st March, 2005

### 2. Principal accounting policies (Continued)

**(f) Investments**

Investments intended to be held for the long-term are included in the balance sheet under non-current assets and are carried at cost less any provision for impairment in values. The carrying amounts of individual investments are reviewed at each balance sheet date to assess whether the fair values have declined below their carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investment is reduced to its fair value. The impairment is recognised as an expense in the profit and loss account. The impairment is written back to the profit and loss account when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Profits or losses on disposal of investments, representing the difference between the net sales proceeds and the carrying amounts, are recognised in the profit and loss account as they arise.

**(g) Leased assets**

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

**(h) Properties held for/under development**

Properties held for/under development are included under non-current assets and are stated at cost less provision. Costs include land cost, development and construction expenditure incurred and any interest and other direct costs attributable to the development.

**(i) Properties held for sale**

Properties under development for sale are included under current assets and comprise land cost, development and construction expenditure, any interest and other direct costs attributable to the development, less provision for foreseeable losses. Completed properties held for sale are carried at the lower of cost and net realisable value. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

**2. Principal accounting policies (Continued)****(j) Inventories**

Inventories, which mainly comprise watch components, are stated at the lower of cost and net realisable value. Costs, calculated on the weighted average basis, include material cost, direct labour cost and an appropriate proportion of production overhead expenditure. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

**(k) Trade debtors**

Provision is made against trade debtors to the extent they are considered to be doubtful. Trade debtors in the balance sheet are stated net of such provision.

**(l) 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 resources 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.

**(m) 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. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred taxation assets relating to carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries and associated companies, 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.

## Notes to the Accounts

Year ended 31st March, 2005

### 2. Principal accounting policies (Continued)

**(n) Revenue recognition**

Sale of completed properties are recognised upon completion of sale and purchase contracts. Rental income under operating leases, net of incentives given to lessees, is recognised on a straight line basis over the period of the respective leases. Sale of goods are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to the customers and legal title has passed. Sale of securities are recognised on the transaction dates when the relevant sale and purchase contract is entered into. Service and management income are recognised when the services are rendered. 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 established.

**(o) Borrowing costs**

Interest and related costs on borrowings directly incurred to finance the construction or acquisition of an asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are expensed as incurred.

**(p) Employee benefits**

The Group operates or participates in a number of defined contribution retirement schemes in the countries in which the Group operates. Contributions to these schemes are charged to the profit and loss account in the year to which the contributions relate.

Employee entitlements to annual leave and long service payment are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service payment 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.

Provisions for bonus entitlements 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.

**2. Principal accounting policies (Continued)**

**(q) Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances, deposits with banks and financial institutions with maturity within three months from the date of placement, net of bank overdrafts and advances from banks and financial institutions repayable within three months from the date of advance.

**(r) 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 rates of exchange ruling at that date. Exchange differences arising in these cases are dealt with in the profit and loss account.

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

**3. Turnover**

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Sale of goods	37,404	33,160
Rental and management fees	12,607	12,748
Interest	2,374	2,564
Dividend from unlisted preference shares	1,828	3,791
Sale of properties	465	1,122
Services fee	179	215
Securities trading	–	261
	<hr/>	<hr/>
	<b>54,857</b>	<b>53,861</b>
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## Notes to the Accounts

*Year ended 31st March, 2005*

### 4. Segment information

In accordance with the Group's internal financial reporting and operating activities, the primary segment reporting is business segments and the secondary segment reporting is geographical segments. The main business segments of the Group are property investment and development, sale of goods and services, information technology and securities trading. The Group's business operates in three geographical areas of Hong Kong (property investment and development, sale of goods and services, information technology and securities trading), the Mainland (property investment and development, sale of goods and services and information technology), and other countries (sale of goods and services).

Segment assets consist primarily of fixed assets, properties, investment securities, inventories, debtors and prepayments. Segment liabilities mainly comprise creditors and accruals and long-term borrowing and mainly exclude taxation and deferred taxation. Unallocated costs represent corporate expenses. Capital expenditure comprises additions to fixed assets and expenditure for properties held for/under development.

In respect of geographical segments, turnover and segment results are based on the country in which the customer is located. Total assets and capital expenditure are based on where the assets are located.



## 4. Segment information (Continued)

## (a) Business segments

	Property investment and development <i>HK\$'000</i>	Sale of goods and services <i>HK\$'000</i>	Information technology <i>HK\$'000</i>	Corporate and elimination <i>HK\$'000</i>	Group <i>HK\$'000</i>
<b>2005</b>					
Turnover	13,120	37,404	179	4,154	54,857
Other revenues	<u>591</u>	<u>1,337</u>	<u>–</u>	<u>25</u>	<u>1,953</u>
Segment results	<u>22,260</u>	<u>(669)</u>	<u>(722)</u>	<u>(18,905)</u>	1,964
Finance costs					(4,537)
Share of results of associated companies	–	34,635	(418)	–	<u>34,217</u>
Profit before taxation					31,644
Taxation					<u>(3,904)</u>
Profit after taxation					27,740
Minority interests	279	–	(500)	–	<u>(221)</u>
Profit attributable to shareholders					<u>27,519</u>
Segment assets	1,768,269	16,926	222	–	1,785,417
Associated companies	–	149,373	1,209	–	150,582
Unallocated assets					<u>253,238</u>
Total assets					<u>2,189,237</u>
Segment liabilities	299,970	6,291	110	–	306,371
Unallocated liabilities					<u>252,843</u>
Total liabilities					<u>559,214</u>
Capital expenditure	75,956	362	–	494	76,812
Depreciation	1,176	651	71	8,432	10,330
Amortisation of negative goodwill	–	(5,780)	–	–	(5,780)
Revaluation surplus of investment properties	(25,000)	–	–	–	(25,000)
Other non-cash items other than depreciation and amortisation	<u>3,816</u>	<u>22</u>	<u>1</u>	<u>162</u>	<u>4,001</u>

## Notes to the Accounts

Year ended 31st March, 2005

### 4. Segment information (Continued)

(a) **Business segments** (Continued)

	Property investment and development <i>HK\$'000</i>	Sale of goods and services <i>HK\$'000</i>	Information technology <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Corporate and elimination <i>HK\$'000</i>	Group <i>HK\$'000</i>
<b>2004</b>						
Turnover	13,918	33,010	365	261	6,307	53,861
Other revenues	<u>513</u>	<u>1,318</u>	<u>-</u>	<u>-</u>	<u>3,143</u>	<u>4,974</u>
Segment results	<u>17,228</u>	<u>1,539</u>	<u>(728)</u>	<u>135</u>	<u>(15,022)</u>	3,152
Finance costs						(5,768)
Share of results of associated companies	-	25,826	(513)	-	-	<u>25,313</u>
Profit before taxation						22,697
Taxation						<u>(2,459)</u>
Profit after taxation						20,238
Minority interests	43	-	71	-	-	<u>114</u>
Profit attributable to shareholders						<u>20,352</u>
Segment assets	1,652,708	15,007	454	-	-	1,668,169
Associated companies	-	121,346	1,612	-	-	122,958
Unallocated assets						<u>364,417</u>
Total assets						<u>2,155,544</u>
Segment liabilities	299,441	5,604	237	-	-	305,282
Unallocated liabilities						<u>252,647</u>
Total liabilities						<u>557,929</u>
Capital expenditure	14,842	931	4	-	1,731	17,508
Depreciation	356	643	70	-	8,438	9,507
Amortisation of negative goodwill	-	(4,543)	-	-	-	(4,543)
Revaluation surplus of investment properties	(15,000)	-	-	-	-	(15,000)
Other non-cash items other than depreciation and amortisation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,982)</u>	<u>(1,982)</u>

## 4. Segment information (Continued)

## (b) Geographical segments

	Turnover <i>HK\$'000</i>	Operating profit/(loss) <i>HK\$'000</i>	Total assets <i>HK\$'000</i>	Capital expenditure <i>HK\$'000</i>
<b>2005</b>				
Hong Kong	50,611	9,234	836,950	1,037
The Mainland	1,541	(7,497)	1,351,939	75,775
Other countries	2,705	227	348	–
	<u>54,857</u>	<u>1,964</u>	<u>2,189,237</u>	<u>76,812</u>
<b>2004</b>				
Hong Kong	48,496	7,759	897,378	5,795
The Mainland	2,605	(5,043)	1,257,856	11,713
Other countries	2,760	436	310	–
	<u>53,861</u>	<u>3,152</u>	<u>2,155,544</u>	<u>17,508</u>

## 5. Other revenues

	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Overprovision for rental guarantee ( <i>note 29</i> )	–	116
Write back of provision for doubtful debts	–	45
Gain on reclassification of other investments	–	2,983
Sale of scrap material	1,292	1,223
Sundry income	661	607
	<u>1,953</u>	<u>4,974</u>

## Notes to the Accounts

Year ended 31st March, 2005

### 6. Operating profit

	2005	2004
	<i>HK\$'000</i>	<i>HK\$'000</i>
Operating profit is stated after crediting:		
Gross rental income from investment properties	10,139	10,659
Dividend income from unlisted preference shares	1,828	3,791
Gain on disposal of fixed assets	21	165
Net realised gain on other investments	—	135
	<u>          </u>	<u>          </u>
and after charging:		
Cost of properties and inventories sold	35,061	29,423
Depreciation	10,330	9,507
Operating lease rental on land and buildings	2,177	2,212
Outgoings in respect of investment properties	2,080	2,116
Provision for doubtful debts	3,830	1,000
Staff costs, including Directors' emoluments		
Wages and salaries	16,257	15,364
Retirement benefit costs	802	756
Auditors' remuneration	350	500
	<u>          </u>	<u>          </u>

### 7. Employee retirement benefits

The subsidiaries in the Mainland participate in respective government retirement benefit schemes pursuant to the relevant regulations whereby the subsidiaries are required to contribute to the schemes to fund the retirement benefits of the eligible employees. Contributions made to the schemes are calculated either based on certain percentages of the applicable payroll costs or fixed sums as stipulated under the requirements in the Mainland. The government is responsible for the entire retirement benefit obligations payable to the retired employees. The Group has no other obligations apart from making ongoing contributions under the schemes.

**7. Employee retirement benefits (Continued)**

The subsidiaries in Hong Kong operate defined contribution schemes for all eligible employees. Contributions to these schemes are calculated based on certain percentages of the applicable payroll costs or pre-determined fixed sums. The assets of the schemes are held separately from those of the subsidiaries in independently administered funds. Contributions to one of the schemes can be reduced by contributions forfeited by those employees who leave that scheme prior to vesting fully in those contributions.

The retirement benefit costs represent the contributions paid and payable by the Group to the schemes as mentioned above. Forfeited contributions totaling HK\$14,000 (2004: HK\$36,000) were utilised in 2005 and there are no forfeited contributions available to reduce the Group's future contributions (2004: HK\$Nil).

**8. Finance costs**

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest expense		
Bank loan wholly repayable within five years	4,537	5,740
Finance lease obligations wholly payable within five years	—	28
	<u>4,537</u>	<u>5,768</u>

**9. Share of results of associated companies**

The Group's share of results for the year includes the amortisation of negative goodwill in respect of an associated company amounting to HK\$5,780,000 (2004: HK\$4,543,000).

## Notes to the Accounts

Year ended 31st March, 2005

### 10. Directors' and management emoluments

#### (a) Directors' emoluments

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fees	315	230
Salaries, housing and allowances, benefits in kind	4,980	4,920
Retirement scheme contributions	327	327
	<u>5,622</u>	<u>5,477</u>

The emoluments paid to independent non-executive Directors amounting to HK\$240,000 (2004: HK\$155,000). Emoluments of the individual Directors fall within the following bands:-

<b>Emoluments bands</b>	<b>Number of Directors</b>	
	<b>2005</b>	<b>2004</b>
Nil to HK\$1,000,000	5	4
HK\$1,000,001 to HK\$1,500,000	3	3
	<u>8</u>	<u>7</u>

#### (b) Management emoluments

Among the five individuals with the highest emoluments, all (2004: all) are executive Directors whose emoluments are disclosed in note (a) above.

**11. Taxation**

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Company and subsidiaries		
Current (Hong Kong)	–	17
Current (Overseas)	30	26
	<u>30</u>	<u>26</u>
	-----	-----
	30	43
Associated companies		
Current (Hong Kong)	2,962	2,125
Current (Overseas)	879	448
Deferred	33	(157)
	<u>3,874</u>	<u>2,416</u>
	-----	-----
	3,904	2,459
	<u>3,904</u>	<u>2,459</u>

No provision for Hong Kong profits tax has been made in the accounts as the Group does not have any estimated assessable profit for the year. In last year, Hong Kong profits tax was provided at the rate of 17.5% on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

## Notes to the Accounts

Year ended 31st March, 2005

### 11. Taxation (Continued)

The tax of the Group's profit before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:–

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation	<u>31,644</u>	<u>22,697</u>
Tax charge at the rate of 17.5% (2004: 17.5%)	5,538	3,972
Effect of different taxation rates in other countries	(1,321)	(1,138)
Income not subject to taxation	(6,941)	(5,018)
Expenses not deductible for taxation purposes	3,415	2,890
Utilisation of previously unrecognised tax losses	(225)	(163)
Increase in tax rate	–	112
Tax losses not recognised	3,813	1,787
Other items	<u>(375)</u>	<u>17</u>
Taxation charge	<u>3,904</u>	<u>2,459</u>

### 12. Profit attributable to shareholders

Profit attributable to shareholders includes a loss of HK\$58,099,000 (2004: loss of HK\$88,563,000) dealt with in the accounts of the Company.



**13. Dividend**

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed final dividend of 1.0 HK cent (2004: 1.0 HK cent) per share	<u>10,244</u>	<u>10,244</u>

The Board of Directors declares a final dividend in respect of 2005 of 1.0 HK cent (2004: 1.0 HK cent) per share amounting to HK\$10,244,000 (2004: HK\$10,244,000). This amount will be accounted for as an appropriation of reserves in the year ending 31st March, 2006.

**14. Earnings per share**

The calculation of earnings per share is based on the profit attributable to shareholders of HK\$27,519,000 (2004: HK\$20,352,000) and 1,024,439,690 (2004: 1,024,439,690) shares in issue during the year.

## Notes to the Accounts

Year ended 31st March, 2005

### 15. Fixed assets

#### Group

	Investment properties <i>HK\$'000</i>	Land and buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Other fixed assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Cost or valuation</b>					
At 31st March, 2004	427,400	–	18,284	58,144	503,828
Changes in exchange rates	–	–	–	11	11
Acquisition of subsidiaries	–	–	–	41	41
Additions	–	–	381	1,410	1,791
Transfer from properties held for/ under development	–	11,711	–	–	11,711
Disposals	–	–	(418)	(325)	(743)
Revaluation surplus	25,000	–	–	–	25,000
<b>At 31st March, 2005</b>	<u>452,400</u>	<u>11,711</u>	<u>18,247</u>	<u>59,281</u>	<u>541,639</u>
<b>Accumulated depreciation and impairment</b>					
At 31st March, 2004	–	–	15,043	19,943	34,986
Changes in exchange rates	–	–	–	7	7
Acquisition of subsidiaries	–	–	–	16	16
Charge for the year	–	38	546	9,746	10,330
Disposals	–	–	(418)	(266)	(684)
<b>At 31st March, 2005</b>	<u>–</u>	<u>38</u>	<u>15,171</u>	<u>29,446</u>	<u>44,655</u>
<b>Net book value</b>					
<b>At 31st March, 2005</b>	<u>452,400</u>	<u>11,673</u>	<u>3,076</u>	<u>29,835</u>	<u>496,984</u>
At 31st March, 2004	<u>427,400</u>	<u>–</u>	<u>3,241</u>	<u>38,201</u>	<u>468,842</u>

## 15. Fixed assets (Continued)

## Company

	<b>Other fixed assets</b>
	<i>HK\$'000</i>
<b>Cost</b>	
At 31st March, 2004 and <b>2005</b>	86 -----
<b>Accumulated depreciation</b>	
At 31st March, 2004	57
Charge for the year	26 -----
<b>At 31st March, 2005</b>	83 ----- -----
<b>Net book value</b>	
<b>At 31st March, 2005</b>	3 =====
At 31st March, 2004	29 =====

## Notes to the Accounts

Year ended 31st March, 2005

### 15. Fixed assets (Continued)

- (a) Investment properties and land and buildings are held under long-term leases as follows:–

	Group	
	2005	2004
	HK\$'000	HK\$'000
Investment properties		
In Hong Kong	450,000	425,000
Outside Hong Kong	2,400	2,400
	<u>452,400</u>	<u>427,400</u>
Land and buildings outside Hong Kong	11,711	–
	<u>464,111</u>	<u>427,400</u>

- (b) Investment properties in Hong Kong and the Mainland were revalued at 31st March, 2005 on an open market value basis by Vigers Appraisal & Consulting Limited and DTZ Debenham Tie Leung Limited, independent professional property valuers, respectively. All other assets are carried at cost.
- (c) Investment properties with net book value of HK\$450,000,000 (2004: HK\$425,000,000) have been pledged as securities for the bank loan (note 27).

**16. Properties held for/under development**

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
At the beginning of the year	1,185,213	1,175,064
Changes in exchange rates	635	–
Property development expenditure	75,021	10,149
Transfer to fixed assets	(11,711)	–
Transfer to properties held for sale	(99,915)	–
	<u>1,149,243</u>	<u>1,185,213</u>
At the end of the year	<u>1,149,243</u>	<u>1,185,213</u>
The properties are held outside Hong Kong under:–		
Long-term leases	947,111	983,081
Medium-term leases	202,132	202,132
	<u>1,149,243</u>	<u>1,185,213</u>

Properties held for/under development amounting to HK\$166,260,000 (2004: HK\$Nil) are pledged as securities for certain loan facility granted to the Group during the year ended 31st March, 2005.

## Notes to the Accounts

Year ended 31st March, 2005

### 17. Subsidiaries

	Company	
	2005	2004
	HK\$'000	HK\$'000
Unlisted shares, at cost	150,036	150,036
Amounts receivable	1,812,907	1,769,108
Provision	<u>(340,000)</u>	<u>(270,000)</u>
	<u>1,622,943</u>	<u>1,649,144</u>

The amounts receivable are unsecured, interest free and have no fixed repayment terms. Particulars of principal subsidiaries which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 35 to the accounts.

## Notes to the Accounts

Year ended 31st March, 2005

### 18. Associated companies

	Group	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Share of net assets	200,809	176,856
Negative goodwill	(48,022)	(51,693)
Amounts receivable	2,359	2,359
Provision	(4,564)	(4,564)
	<u>150,582</u>	<u>122,958</u>
Investments, at cost		
Listed shares in Hong Kong	115,515	109,822
Unlisted shares	81,334	81,334
	<u>196,849</u>	<u>191,156</u>
Market value of listed shares	<u>157,080</u>	<u>155,720</u>
Details of the negative goodwill are as follows:–		
Cost	59,378	57,269
Accumulated amortisation	(11,356)	(5,576)
Net book value	<u>48,022</u>	<u>51,693</u>
At the beginning of the year	51,693	56,236
Addition	2,109	–
Amortisation	(5,780)	(4,543)
At the end of year	<u>48,022</u>	<u>51,693</u>

## Notes to the Accounts

Year ended 31st March, 2005

### 18. Associated companies (Continued)

The amounts receivable are unsecured, interest free and have no fixed repayment terms except for an amount of HK\$750,000 (2004: HK\$750,000) which carries interest at prevailing market rates and repayable by January 2006. Particulars of principal associated companies which, in the opinion of the Directors, materially affect the results or net assets of the Group are set out in note 36 to the accounts.

A summary of the results and financial position of Midas International Holdings Limited (“Midas”), a major associated company, based on its audited accounts for the year ended 31st December, 2004 is as follows:–

	<b>2004</b>	<b>2003</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Results</b>		
Turnover	<u>736,879</u>	<u>675,237</u>
Profit before taxation	<u>71,104</u>	<u>59,673</u>
Group's share of profit before taxation	<u>28,855</u>	<u>21,283</u>
<b>Financial position</b>		
Non-current assets	667,655	653,010
Current assets	387,592	432,116
Current liabilities	(280,234)	(295,675)
Non-current liabilities	(220,241)	(177,113)
Minority interests	<u>(44,665)</u>	<u>(40,900)</u>
Shareholders' funds	510,107	571,438
Preference shares and premium	<u>(48,500)</u>	<u>(148,500)</u>
Ordinary shareholders' funds	<u>461,607</u>	<u>422,938</u>
Group's share of net assets	<u>149,373</u>	<u>121,346</u>



## 19. Investment securities

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Listed equity shares, at cost	46,652	45,253
Unlisted preference shares, at cost	23,500	98,500
Unlisted equity shares, at cost	1,018	1,018
Amounts receivable	145	1,691
Amounts payable	(849)	–
	<hr/>	<hr/>
	70,466	146,462
Provision	(151)	–
	<hr/>	<hr/>
	70,315	146,462
	<hr/> <hr/>	<hr/> <hr/>
Market value of listed shares	33,040	47,120
	<hr/> <hr/>	<hr/> <hr/>

The unlisted preference shares represent 39,166,668 (2004: 164,166,668) series B preference shares of HK\$0.01 each, which were issued on 14th December, 2001, by Midas, an associated company, at an issue price of HK\$0.60 per share.

The preference shares are non-voting, redeemable and carry fixed cumulative preferential dividend payable semi-annually at a rate of 2.5% per annum on the issue price of HK\$0.60 per share. The series B preference shares do not have the right to convert into ordinary shares of Midas and are redeemable at the issue price of HK\$0.60 per share at the option of Midas at any time during the five-year period from the date of issue. Any outstanding preference shares, which have not been previously redeemed prior to the fifth anniversary from the date of issue, shall be redeemed by Midas in cash at the issue price of HK\$0.60 per share together with any unpaid dividend.

## 20. Properties held for sale

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Completed properties	21,691	22,013
Properties under development for sale	112,813	–
	<hr/>	<hr/>
	134,504	22,013
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the Accounts

Year ended 31st March, 2005

### 21. Inventories

	Group	
	2005	2004
	HK\$'000	HK\$'000
Raw materials	2,307	2,552
Work in progress	1,623	1,808
Finished goods	178	112
	<u>4,108</u>	<u>4,472</u>

At 31st March, 2005, all inventories are carried at cost.

### 22. Debtors and prepayments

	Group		Company	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade debtors	15,112	14,850	–	–
Other debtors	7,851	4,892	157	118
Utility and other deposits	2,337	1,231	–	–
Prepayments	301	390	–	–
	<u>25,601</u>	<u>21,363</u>	<u>157</u>	<u>118</u>

## Notes to the Accounts

Year ended 31st March, 2005

### 22. Debtors and prepayments (Continued)

Rental and management fee are receivable in advance. Credit terms of the Group's sales of goods mainly ranged from 30 days to 90 days. The aging analysis of the Group's trade debtors is as follows:–

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	2,974	3,393
31 to 60 days	1,431	1,443
61 to 90 days	1,992	572
Over 90 days	8,715	9,442
	<u>15,112</u>	<u>14,850</u>

### 23. Creditors and accruals

	<b>Group</b>		<b>Company</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade creditors	4,799	3,143	–	–
Other creditors	22,194	16,766	523	311
Tenant and other deposits	5,190	4,254	–	–
Accrued expenses	3,583	4,330	–	–
	<u>35,766</u>	<u>28,493</u>	<u>523</u>	<u>311</u>

## Notes to the Accounts

Year ended 31st March, 2005

### 23. Creditors and accruals (Continued)

The aging analysis of the Group's trade creditors is as follows:–

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Below 30 days	1,999	1,926
31 to 60 days	837	965
61 to 90 days	907	193
Over 90 days	1,056	59
	<u>4,799</u>	<u>3,143</u>

### 24. Share capital

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<i>Authorised:</i>		
18,000,000,000 shares of HK\$0.05 each	<u>900,000</u>	<u>900,000</u>
<i>Issued and fully paid:</i>		
1,024,439,690 shares of HK\$0.05 each	<u>51,222</u>	<u>51,222</u>

Pursuant to the annual general meeting held on 26th August, 2002, a share option scheme (the "Scheme") was adopted by the Company. Under the Scheme which is valid and effective for a term of ten years from the date of its adoption, the Directors of the Company may grant options to the eligible persons as defined in the Scheme, inter alia, any employees, Directors or business consultants of the Company and its subsidiaries, to subscribe for shares in the Company under the terms and conditions stipulated therein. The maximum number of shares in respect of which options may be granted under the Scheme shall not exceed 10% of the issued share capital of the Company as at 26th August, 2002. No options have been granted under the Scheme since its adoption.

## 25. Reserves

## Group

	Share premium <i>HK\$'000</i>	Capital reserve on consolidation <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st March, 2003	1,105,395	96,670	457,792	3,266	(3,664)	(218,440)	1,441,019
Changes in exchange rates	-	-	-	-	(5)	-	(5)
Share of reserve of an associated company	-	(158)	-	-	-	-	(158)
Profit for the year	-	-	-	-	-	20,352	20,352
2004 proposed final dividend	-	-	-	-	-	(10,244)	(10,244)
At 31st March, 2004	1,105,395	96,512	457,792	3,266	(3,669)	(208,332)	1,450,964
Changes in exchange rates	-	-	-	-	807	-	807
Share of reserve of an associated company	-	1,191	-	-	-	-	1,191
Transfer	-	-	-	11	-	(11)	-
Profit for the year	-	-	-	-	-	27,519	27,519
2005 proposed final dividend	-	-	-	-	-	(10,244)	(10,244)
<b>At 31st March, 2005</b>	<u>1,105,395</u>	<u>97,703</u>	<u>457,792</u>	<u>3,277</u>	<u>(2,862)</u>	<u>(191,068)</u>	<u>1,470,237</u>
Retained by:							
Company and subsidiaries	1,105,395	96,175	457,792	3,277	(1,997)	(260,876)	1,399,766
Associated companies	-	1,528	-	-	(865)	69,808	70,471
	<u>1,105,395</u>	<u>97,703</u>	<u>457,792</u>	<u>3,277</u>	<u>(2,862)</u>	<u>(191,068)</u>	<u>1,470,237</u>

Statutory reserve represents enterprise expansion fund and general reserve fund set aside by subsidiaries in accordance with the relevant laws and regulations in the Mainland.

## Notes to the Accounts

Year ended 31st March, 2005

### 25. Reserves (Continued)

Company	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31st March, 2003	1,105,395	457,792	21,466	251,324	1,835,977
Loss for the year	–	–	–	(88,563)	(88,563)
2004 proposed final dividend	–	–	(10,244)	–	(10,244)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March, 2004	1,105,395	457,792	11,222	162,761	1,737,170
Loss for the year	–	–	–	(58,099)	(58,099)
2005 proposed final dividend	–	–	(10,244)	–	(10,244)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 31st March, 2005</b>	<u>1,105,395</u>	<u>457,792</u>	<u>978</u>	<u>104,662</u>	<u>1,668,827</u>

Under the Companies Act 1981 of Bermuda, the contributed surplus arising on the formation of the Company in 1989 is distributable to shareholders. Total distributable reserves of the Company amounting to HK\$115,884,000 (2004: HK\$184,227,000) as at 31st March, 2005.

### 26. Minority interests

	Group	
	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Equity interests	80,682	79,110
Loans payable	17,638	6,075
	<hr/>	<hr/>
	<u>98,320</u>	<u>85,185</u>

The loans payable are unsecured, have no fixed repayment terms and are interest free.

## 27. Long-term borrowing

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Secured bank loan wholly repayable within five years	239,000	245,000
Current portion included in current liabilities	(6,000)	(6,000)
	<u>233,000</u>	<u>239,000</u>

The bank loan is secured by all assets of a subsidiary, including investment properties with carrying amount of HK\$450,000,000 (2004: HK\$425,000,000), shares of a subsidiary and guarantee by the ultimate holding company. The bank loan is repayable in the following periods:–

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within one year	6,000	6,000
Second year	8,000	6,000
Third to fifth year	225,000	233,000
	<u>239,000</u>	<u>245,000</u>

## 28. Other non-current liabilities

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Provisions ( <i>note 29</i> )	30,994	30,994
Deferred taxation ( <i>note 30</i> )	235,366	235,366
	<u>266,360</u>	<u>266,360</u>

## Notes to the Accounts

Year ended 31st March, 2005

### 29. Provisions

	Group	
	2005	2004
	HK\$'000	HK\$'000
At the beginning of the year	33,414	37,032
Write back	–	(116)
Amount utilised	–	(3,502)
	<hr/>	<hr/>
At the end of the year	33,414	33,414
Current portion included under current liabilities	(2,420)	(2,420)
	<hr/>	<hr/>
	30,994	30,994
	<hr/> <hr/>	<hr/> <hr/>

Pursuant to an agreement dated 29th October, 2001, the Group disposed of certain properties in the Mainland to Midas, under which the Group would indemnify Midas for the shortfall of annual rental income from certain of those properties amounting to HK\$3,880,000 for each of the two years after 14th December, 2001 and would also be responsible for 51% of the construction costs for the properties during the period from 14th December, 2001 to completion of the construction. The indemnity on rental income expired on 13th December, 2003 and such provision was fully utilised during last year. In addition, the Group also executed a deed of indemnity dated 14th December, 2001 in favour of Midas, pursuant to which the Group would indemnify Midas the portion of land appreciation and enterprise income taxes in the Mainland, that may arise upon subsequent disposal of the properties by Midas, attributable to the excess of the consideration paid by Midas over the carrying value of the properties. The provisions represent the Group's estimated liabilities under the above undertakings and indemnities to Midas.



## 30. Deferred taxation

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Fair value gains	235,366	235,366

Deferred taxation liabilities for the fair value gains as disclosed above represent the deferred tax on the differences between the carrying amounts of the properties held for/under development as included in the consolidated accounts (which are the fair values of these properties upon the date of acquisition of those subsidiaries by the Group in prior years) and the carrying amounts of these properties as included in the accounts of the relevant subsidiaries.

Deferred taxation liabilities, which are expected to be settled after more than twelve months, have been provided in full on temporary differences under the liability method using the applicable tax rates prevailing in the countries in which the Group operates.

Deferred taxation assets of HK\$58 million (2004: HK\$55 million) arising from unused tax losses of HK\$334 million (2004: HK\$316 million) have not been recognised in the accounts. These tax losses have no expiry dates.

Deferred taxation liabilities of HK\$3 million (2004: HK\$3 million) on temporary differences in respect of depreciation allowances of HK\$16 million (2004: HK\$17 million) has not been recognised in the accounts as there are sufficient unrecognised deferred tax assets to set off against them.

## 31. Commitments

## (a) Capital commitments

	<b>Group</b>	
	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for		
Property development expenditure	44,193	4,118
Authorised but not contracted for	—	—
	44,193	4,118

## Notes to the Accounts

Year ended 31st March, 2005

### 31. Commitments (Continued)

#### (b) Operating lease rental payable

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

	Group	
	2005	2004
	HK\$'000	HK\$'000
Within one year	1,557	1,686
Two to five years	1,019	488
	<u>2,576</u>	<u>2,174</u>

Of the above operating lease commitment payable, HK\$1,987,000 (2004: HK\$1,067,000) is payable to an associated company.

#### (c) Operating lease rental receivable

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

	Group	
	2005	2004
	HK\$'000	HK\$'000
Within one year	8,759	8,316
Two to five years	5,862	8,406
	<u>14,621</u>	<u>16,722</u>

## Notes to the Accounts

Year ended 31st March, 2005

### 32. Contingent liabilities

	Group	
	2005	2004
	HK\$'000	HK\$'000
Guarantees for mortgage bank loans to purchasers of properties of the Group	<u>3,113</u>	<u>4,189</u>

### 33. Notes to the consolidated cash flow statement

#### (a) Reconciliation of operating profit to cash used in operations

	2005	2004
	HK\$'000	HK\$'000
Operating profit	1,964	3,152
Interest income	(2,374)	(2,564)
Dividend income from unlisted preference shares	(1,828)	(3,791)
Depreciation	10,330	9,507
Revaluation surplus of investment properties	(25,000)	(15,000)
Deemed gain on dilution of interest in an associated company	–	(1)
Provision for diminution in value of investment securities	151	–
Gain on disposal of fixed assets	(21)	(165)
Operating loss before working capital changes	(16,778)	(8,862)
Decrease in properties held for sale	447	1,217
Decrease/(increase) in inventories	364	(1,256)
Increase in other investments	–	(2,856)
(Increase)/decrease in debtors and prepayments	(3,249)	2,339
Increase in creditors and accruals	1,525	1,363
Changes in exchange rates	289	(5)
Cash used in operations	<u>(17,402)</u>	<u>(8,060)</u>

## Notes to the Accounts

Year ended 31st March, 2005

### 33. Notes to the consolidated cash flow statement (Continued)

#### (b) Analysis of changes in financing

	<b>Long-term borrowing</b>	<b>Minority interests</b>	<b>Obligations under finance leases</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31st March, 2003	250,000	85,299	110
Share of loss	–	(114)	–
Net cash used in financing activities	<u>(5,000)</u>	<u>–</u>	<u>(110)</u>
At 31st March, 2004	245,000	85,185	–
Acquisition of subsidiaries	–	12,653	–
Share of profit	–	221	–
Changes in exchange rates	–	261	–
Net cash used in financing activities	<u>(6,000)</u>	<u>–</u>	<u>–</u>
<b>At 31st March, 2005</b>	<b><u>239,000</u></b>	<b><u>98,320</u></b>	<b><u>–</u></b>

#### (c) Purchase of subsidiaries

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets acquired		
Fixed assets	25	–
Properties held for sale	11,641	–
Debtors and prepayments	968	–
Cash and bank balances	83	–
Creditors and accruals	(64)	–
Minority interests	<u>(12,653)</u>	<u>–</u>
	–	–
Cash consideration	–	–
Cash and bank balances acquired	<u>83</u>	<u>–</u>
Net cash inflow on purchase	<b><u>83</u></b>	<b><u>–</u></b>

**33. Notes to the consolidated cash flow statement (Continued)**

**(c) Purchase of subsidiaries (Continued)**

The subsidiaries acquired during the year contributed HK\$1,566,000 (2004: N/A) to the Group's cash flows from operating activities and utilised HK\$1,242,000 (2004: N/A) in respect of the Group's cash flows in investing activities.

**(d) Analysis of cash and cash equivalents**

	<b>2005</b>	<b>2004</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash and bank balances	157,900	184,221
Bank deposits maturing more than three months from date of placement	(25,095)	(24,860)
	<u>132,805</u>	<u>159,361</u>

**34. Approval of accounts**

The accounts were approved by the Board of Directors on 29th June, 2005.

## Notes to the Accounts

Year ended 31st March, 2005

### 35. Principal subsidiaries

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2005	2004	
# Chengdu Palace Development Company Limited	The Mainland	Registered capital of RMB20,000,000	51	51	Property development
@ China Cyberworld Limited	Hong Kong	2 shares of HK\$1 each	100	100	Investment holding
@ Chinaculture.com Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100	100	Investment holding
Chuang's China Commercial Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100	100	Investment holding
@ Chuang's China Enterprises Limited	Hong Kong	458,310,965 shares of HK\$0.2 each	100	100	Securities trading and investment holding
@ Chuang's China Realty Limited	Bermuda/ Hong Kong	2,000,000 shares of HK\$0.05 each	100	100	Investment holding
@ Chuang's China Treasury Limited	Cayman Islands/ Hong Kong	1 share of US\$1	100	100	Investment holding

## 35. Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2005	2004	
Chuang's Development (China) Limited	Hong Kong	2 shares of HK\$10 each	100	100	Property development and investment
Chuang's Development (Dong Guan) Limited	Hong Kong	2 shares of HK\$1 each	100	100	Investment holding
Chuang's Information Technology Limited	Hong Kong	100 shares of HK\$1 each	100	100	Investment holding
Distinguished Properties Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100	100	Investment holding
Double Wealthy Company Limited	Hong Kong	160 shares of HK\$1 each	100	100	Investment holding
Dragon Rich Investments Limited	Hong Kong	2 shares of HK\$1 each	100	100	Property investment
@ Gold Throne Finance Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100	100	Investment holding
Gold Capital Profits Limited	British Virgin Islands/ Hong Kong	100 shares of US\$1 each	75	–	Investment holding

## Notes to the Accounts

Year ended 31st March, 2005

### 35. Principal subsidiaries (Continued)

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2005	2004	
# Guangzhou Panyu Chuang's Real Estate Development Company Limited	The Mainland	Registered capital of RMB60,000,000	85	85	Property development and investment
# Hunan Han Ye Real Estate Development Company Limited	The Mainland	Registered capital of RMB10,000,000	54	–	Property development and investment
Internet PRO Limited	Hong Kong	15,686,340 shares of HK\$0.1 each	56	56	e-commerce solution provider
iPro Technology Limited	British Virgin Islands/ Hong Kong	1 share of US\$1	100	100	Investment holding
Koledo Company Limited	Hong Kong	2 shares of HK\$100 each 2 non-voting deferred shares of HK\$100 each	100	100	Property investment
Noble Century Investment Limited	Hong Kong	1,000,000 shares of HK\$1 each	60	–	Investment holding



**35. Principal subsidiaries (Continued)**

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2005	2004	
On Profit Investment Limited	Hong Kong	2 shares of HK\$1 each	100	100	Property development and investment
Silver Chase Investment Limited	Hong Kong	2 shares of HK\$1 each	100	100	Property development and investment
Silver Dragon Investment Limited	Hong Kong	2 shares of HK\$1 each	100	100	Property development and investment
Success Gain Investment Limited	Hong Kong	2 shares of HK\$1 each	100	100	Property development and investment
Yuen Sang Hardware Company (1988) Limited	Hong Kong	1,000,000 shares of HK\$1 each	100	100	Manufacture and sale of watch components
Yuen Sang Watch and Clock Limited	Hong Kong	500,000 shares of HK\$1 each	100	100	Investment holding

@ Subsidiaries directly held by the Company

# Subsidiaries not audited by PricewaterhouseCoopers

## Notes to the Accounts

Year ended 31st March, 2005

### 36. Principal associated companies

Name	Place of incorporation/ operation	Issued capital/ paid up capital	Effective percentage held by Group		Principal activities
			2005	2004	
# Fujian Sunshine Education Information Company Limited	The Mainland	Registered capital of RMB7,000,000	48	48	Educational information system network development
φ # Midas International Holdings Limited	Cayman Islands/ Hong Kong	534,290,068 ordinary shares of HK\$0.10 each  39,166,668 (2004: 164,166,668) non-voting series B preference shares of HK\$0.01 each	44.6	42.9	Books printing, paper products printing and property investment
# Shanghai Yuen Sang Watch and Clock Limited	The Mainland	Registered capital of US\$700,000	50	50	Manufacture, assembling and sale of watches and clocks
# Treasure Auctioneer International Limited	British Virgin Islands/ Hong Kong	1,000,000 shares of US\$1 each	25	25	Auction services
φ	Listed in Hong Kong				
#	Associated companies not audited by PricewaterhouseCoopers				