1. General

The Company was incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Details of the principal activities of its subsidiaries are set out in note 36.

2. Principal Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The financial statements are prepared under the historical cost convention except that, as disclosed in the accounting policies below, investment properties and hotel property are stated at fair value.

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The Group has resolved to early adopt the following new HKFRSs in the financial statements for the year ended 31 March 2005:

- HKFRS 3 "Business combinations"
- HKAS 36 "Impairment of assets"
- HKAS 38 "Intangible assets"

The major effects on the Group's accounting policies and amounts disclosed in these financial statements are summarized as follows:

HKFRS 3 prescribes the accounting for business combinations. The early adoption of HKFRS 3 requires the early adoption of HKAS 36 and HKAS 38. The early adoption of HKFRS 3, HKAS 36 and HKAS 38 has resulted in a change in the accounting policy for goodwill.

2. Principal Accounting Policies (continued)

(a) Basis of preparation (continued)

Prior to the adoption,

- goodwill arising on acquisitions occurring on or after 1 April 2001 was included in intangible assets and is amortized using the straight line method over its estimated useful life;
- goodwill arising on acquisitions occurred prior to 1 April 2001 was eliminated against reserves; and
- goodwill was assessed for impairment at each balance sheet date.

In accordance with the provisions of HKFRS 3,

- the Group ceased the amortization of goodwill from 1 April 2004;
- the accumulated amortization of goodwill arising on acquisitions of subsidiaries as at 1 April 2004 has been eliminated with a corresponding decrease in the respective cost of goodwill at that date; and
- from the year ended 31 March 2005 onwards, goodwill is tested annually for impairment, as well as when there are indications of impairment.

HKFRS 3 is prospectively applied and there have no restatements of account balances following its adoption.

The Group has already commenced an assessment of the impact of other 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.

2. Principal Accounting Policies (continued)

(b) Group accounting

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 March. Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power; has the power to govern the financial and operating policies; to appoint or remove the majority of the members of the board of directors; or to cast majority of votes at the meetings of the board of directors.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

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

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill (net of accumulated impairment losses).

2. Principal Accounting Policies (continued)

(b) Group accounting (continued)

(ii) Associated company and jointly controlled entity

An associated company is a company, not being a subsidiary, in which an equity interest is held for the long term and significant influence is exercised in its management.

A jointly controlled entity is an entity which operates under a contractual arrangement between the group and company and other parties, where the contractual arrangement establishes that the group or company and one or more of the other parties share joint control over the economic activity of the entity.

Investments in associates and jointly controlled entities are accounted for in the consolidated financial statements under the equity method. The consolidated profit and loss account includes the Group's share of the post-acquisition results of associated companies and jointly controlled entities for the year, and the consolidated balance sheet includes the Group's share of the net assets of the associated companies, jointly controlled entities and goodwill (net of accumulated impairment losses) on acquisition.

Equity accounting is discontinued when the carrying amount of the investment in an associated company or a jointly controlled entity reaches zero, unless the Group has incurred obligations or guaranteed obligations in respect of the associated company or the jointly controlled entity.

The gain or loss on the disposal of an associated company or a jointly controlled entity represents the difference between the proceeds of the sale and the Group's share of its net assets together with any goodwill (net of accumulated impairment losses).

Certain associated companies and jointly controlled entities have financial years, which are not co-terminus with that of the Company. Accordingly, these companies have been equity accounted for based on the latest audited results and the management accounts for the remaining period.

2. Principal Accounting Policies (continued)

(c) Property, plant and equipment

(i) Investment properties

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 long term investment potential, any rental income being negotiated at arm's length.

Investment properties are valued annually by independent professional valuers. The valuations are on an open market value basis related to individual properties and separate values are not attributed to land and buildings. The valuations are incorporated in the annual accounts. Increases in valuation are credited to the investment properties revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations on a portfolio basis and debited to operating profit thereafter. Any subsequent increases are credited to operating profit up to the amount previously debited.

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

(ii) Hotel property

Hotel property which comprises interests in land and buildings and its integral fixed plant which are collectively used in the operation of a hotel and are stated at fair value. Increases in valuation are credited to the revaluation reserve. Decreases in valuation are first set off against increases on earlier valuations and debited to operating profit thereafter. Any subsequent increases are credited to operating profit up to the amount previously debited.

Upon disposal, the revaluation portion of the revaluation reserve realized in respect of previous valuations of an property is released from the revaluation reserve to the profit and loss account.

2. Principal Accounting Policies (continued)

(c) Property, plant and equipment (continued)

(iii) Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of other property, plant and equipment is calculated to write off their costs less accumulated impairment losses on a straight line basis over their estimated useful lives to the Group. The principal annual rates of depreciation are as follows:

Leasehold improvements	20%
Furniture, fixtures and equipment	10% - 20%
Motor vehicles and others	10% - 25%

Major costs incurred in restoring property, plant and equipment to their normal working condition are charged to the profit and loss account.

The gain or loss on disposal of other property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognized in the profit and loss account.

(d) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired company at the date of acquisition. Goodwill on acquisition of an associated company or a jointly controlled entity is included in investments in associated companies and jointly controlled entities respectively.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

2. Principal Accounting Policies (continued)

(e) Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount (ie, the higher of an asset's fair value less costs to sell and value in use). Such impairment losses are recognized in the profit and loss account except where the asset is carried at valuation and the impairment loss does not exceed the revaluation surplus for the same asset, in which case it is treated as a decline in revaluation.

In respect of assets other than goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and the circumstances and events leading to the impairment cease to exist. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses are credited to the profit and loss account except when the asset is carried at valuation, in which case the reversal of impairment loss is treated as a revaluation movement.

(f) Intangible asset

Intangible asset represents the cost of acquisition of a licence to install neon light signages for displaying the name of the hotel property and is amortized on a straight line basis over its estimated useful life.

(g) Other investments

Investments in club debentures are stated at cost less impairment losses.

2. Principal Accounting Policies (continued)

(h) Accounts receivable

Provision is made against accounts receivable to the extent, which they are considered to be doubtful. Accounts receivable are stated net of such provision.

(i) Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks and cash investments with a maturity of three months or less from date of investment.

(j) Provisions

Provisions are recognized when the Group has 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 the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

(k) Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognized because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognized but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognized as a provision.

2. Principal Accounting Policies (continued)

(l) 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 financial statements. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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

(m) Revenue recognition

Operating lease rental income is recognized on a straight line basis over the lease periods.

Revenue from sale of services is recognized when services are rendered.

Interest income is recognized on a time proportion basis, taking into account the principal amounts outstanding and the interest rates applicable.

Licence fees and rental income are recognized on an accrual basis and in accordance with the agreed terms.

2. Principal Accounting Policies (continued)

(n) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual 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 recognized until the time of leave.

(ii) Retirement scheme obligations

The Group participates in a master trust scheme provided by an independent Mandatory Provident Fund ("MPF") service provider to comply with the requirements under the MPF Schemes Ordinance. Contributions paid and payable by the Group to the scheme are charged to the profit and loss account as incurred.

(o) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. All other borrowing costs are charged to the profit and loss account in the year in which they are incurred.

(p) Segment reporting

The Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Unallocated costs represent corporate expenses. Segment assets comprise properties, deposits for properties and investments, operating assets and bank balances. Segment liabilities comprise operating liabilities, taxation, bank borrowings and certain corporate borrowings. Capital expenditure comprises additions to property, plant and equipment. In respect of geographical segment reporting, total assets and capital expenditure are based on where the assets are located.

2. Principal Accounting Policies (continued)

(q) Translation of foreign currencies

Transactions in foreign currencies are translated at exchange rates ruling at the transaction dates. Monetary assets and liabilities expressed in foreign currencies at the balance sheet date are translated at rates of exchange ruling at the balance sheet date. Exchange differences arising in these cases are dealt with in the profit and loss account.

The balance sheets of subsidiaries expressed in foreign currencies are translated at the rates of exchange ruling at the balance sheet date whilst the profit and loss accounts are translated at an average rate. Exchange differences are dealt with as a movement of reserves.

(r) Leases

(i) Finance leases

Leases where substantially all the risks and rewards of ownership of assets are transferred to the lessees are accounted for as finance leases. The amount capitalized as an asset at the inception is the present value of minimum lease payments payable during the term of the lease. The corresponding leasing commitments less the interest element are recorded as obligations under finance leases. Rentals payable in respect of finance leases are apportioned between finance charges and reduction of outstanding lease obligations based upon the interest rates implicit in the relevant leases.

(ii) Operating leases

Leases where substantially all the risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Payments made under operating leases net of any incentives received from the leasing company are charged to the profit and loss account on a straight line basis over the lease periods.

3. Revenues and Turnover

The Group is principally engaged in property investment, hotel investment, investment holding and toll road projects. Revenues recognized during the year are as follows:

	2005	2004
	HK$'000	HK$'000
Turnover		
Rental income	**84,964**	74,460
Hotel investment	**19,165**	—
Sale of property interests	**—**	16,380
	104,129	90,840
Other revenues		
Interest income	**18,844**	10,565
Guaranteed net rental receipts (i)	**20,759**	16,721
Other income (ii)	**2,226**	1,066
	41,829	28,352
Total revenues	**145,958**	119,192

(i) On 20 June 2003, Winsworld Properties Limited ("Winsworld"), a wholly owned subsidiary of the Company, entered into a management contract ("Management Contract") with Verywell Services Limited ("Verywell"), a wholly owned subsidiary of the former ultimate holding company. Pursuant to the Management Contract, Verywell agreed to manage and handle all matters in relation to the management of the investment properties owned by Winsworld for a period of three years commencing on 26 June 2003. Winsworld is entitled to an annual guaranteed net rental receipt (being the rental receipt less the outgoings as described in the Management Contract) of HK$78 million for the contract period. The rental income, expense and guaranteed net rental receipt are accounted for in the accounts of the Group to the effect that the guaranteed net rental receipt is recognized on a straight line basis over the contract period.

(ii) On 2 and 28 June 2004, the Group entered into two put option agreements (the "Agreements") with two independent third parties whereby option premiums totaling HK$220 million were paid to acquire the rights to require the independent third parties to purchase the entire interests in certain of its subsidiaries. On 20 and 22 July 2004, the Group and the independent third parties agreed to cancel their respective agreements and received a total of HK$2,200,000 as compensation for cancellation of the Agreements.

3. Revenues and Turnover (continued)

(a) Primary reporting format — business segments

The Group is organized into three main business segments:

- Property rental
- Hotel investment
- Toll road project

There are no sales or other transactions between the business segments.

	Property rental 2005 HK$'000	Hotel investment 2005 HK$'000	Toll road 2005 HK$'000	Unallocated 2005 HK$'000	Group 2005 HK$'000
Turnover	84,964	19,165	—	—	104,129
Segment results	90,357	209	—	—	90,566
Unallocated corporate expenses (net)					(69,424)
					21,142
Interest income					18,844
Finance costs					(23,465)
Share of results of a jointly controlled entity	—	—	(6,127)	—	(6,127)
Profit before taxation					10,394
Taxation					(9,644)
Profit attributable to shareholders					750
Segment assets	1,877,821	730,464	—	—	2,608,285
Investment in a jointly controlled entity	—	—	263,873	—	263,873
Unallocated corporate assets					364,020
Consolidated total assets					3,236,178
Segment liabilities	1,078,470	490,728	—	—	1,569,198
Deferred tax liabilities					3,415
Unallocated corporate liabilities					44,765
Consolidated total liabilities					1,617,378
Capital expenditure	200,121	702,101	—	3,670	905,892
Depreciation	—	74	—	1,110	1,184
Amortization	—	486	—	—	486

3. Revenues and Turnover (continued)

(a) Primary reporting format — business segments (continued)

	Property rental 2004 HK$'000	Property development 2004 HK$'000	Securities investment and trading 2004 HK$'000	Other operations 2004 HK$'000	Unallocated 2004 HK$'000	Group 2004 HK$'000
Turnover	74,460	16,380	—	—	—	90,840
Segment results	76,204	3,356	42	—	—	79,602
Unallocated corporate expenses (net)						(32,962)
Reorganization cost						(38,609)
						8,031
Interest income						10,565
Finance costs						(13,609)
Share of results of associated companies	—	(23)	—	(8,541)	—	(8,564)
Loss before taxation						(3,577)
Taxation						(7,352)
Loss after taxation						(10,929)
Minority interests						(1,474)
Loss attributable to shareholders						(12,403)
Segment assets	1,668,771	—	—	280,998	—	1,949,769
Unallocated corporate assets						642,160
Consolidated total assets						2,591,929
Segment liabilities	636,911	—	—	160,000	—	796,911
Deferred tax liabilities						3,661
Unallocated corporate liabilities						61,028
Consolidated total liabilities						861,600
Capital expenditure	1,435	—	—	—	2,858	4,293
Depreciation	—	—	—	—	719	719

3. Revenues and Turnover (continued)

(b) Secondary reporting format — geographical segment

No geographical analysis of revenue is provided as less than 10% of the consolidated turnover and consolidated profit and loss of the Group are attributable to markets outside Hong Kong.

The following is an analysis of the carrying amount of segment assets, additions to intangible assets, property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Additions to intangible assets, property, plant and equipment**	
	2005 HK$'000	2004 HK$'000	**2005 HK$'000**	2004 HK$'000
Hong Kong	**2,411,583**	2,227,998	**709,414**	4,293
PRC	**584,419**	363,931	**196,478**	—
New Zealand	**240,176**	—	**—**	—
	3,236,178	2,591,929	**905,892**	4,293

4. Profit from Operations

	Group	
	2005	2004
	HK$'000	HK$'000
Profit from operations is stated after crediting and charging the following:		
Crediting		
Gross rental income from investment properties	**84,964**	74,460
Less: outgoings	**(13,123)**	(9,884)
Net rental income from investment properties	**71,841**	64,576
Realized and unrealized gains on other investments	**—**	42
Charging		
Auditors' remuneration	**716**	1,360
Operating leases of land and buildings	**4,318**	2,410
Depreciation of property, plant and equipment	**1,184**	719
Amortization of intangible assets	**486**	—
Bad debts written off and provision for bad debts (net)	**186**	1,738
Cost of properties sold	**—**	13,024

5. Staff Costs

The amount of staff costs (including directors' emoluments as disclosed in note 10) charged to the consolidated profit and loss account represents:

	2005	2004
	HK$'000	HK$'000
Salaries and allowances	**24,345**	18,648
Retirement benefit cost (note 8)	**370**	191
	24,715	18,839

6. Finance Costs

Finance costs comprise the following:

	Group	
	2005	2004
	HK$'000	HK$'000
Interest on bank loans and overdrafts		
— wholly repayable within five years	**15,428**	1,398
— not wholly repayable within five years	**—**	12,332
Interest on other loans wholly repayable within five years	**100**	305
Interest on convertible notes	**1,302**	—
Interest on promissory notes	**3,343**	—
Interest element of finance leases	**48**	25
Total borrowing costs incurred	**20,221**	14,060
Less: amounts capitalized in properties held for/under development	**—**	(877)
	20,221	13,183
Bank facilities arrangement fee	**3,244**	426
	23,465	13,609

7. Taxation

(a) Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits for the year. Overseas taxation is provided for the overseas operations in accordance with the tax laws of the countries in which the entities operate.

The amount of taxation charged to the consolidated profit and loss account represents:

	Group	
	2005	2004
	HK$'000	HK$'000
Hong Kong profits tax		
— provision for current year	**8,572**	6,141
— (over)/under provision in prior years	**(63)**	47
Overseas taxation		
— under provision in prior years	**—**	7
	8,509	6,195
Deferred taxation resulting from origination and reversal of temporary differences	**1,135**	1,352
	9,644	7,547
Share of taxation attributable to associated companies	**—**	(195)
	9,644	7,352

7. Taxation (continued)

(b) The taxation on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2005 **HK$'000**	2004 HK$'000
Profit/(loss) before taxation	**10,394**	(3,577)
Calculated at a taxation rate of 17.5%	**1,819**	(626)
Income and expenditure not subject to taxation	**(354)**	(1,250)
Expenses not deductible for tax purposes	**7,133**	7,817
Non-taxable items	**(15)**	—
Unrecognized tax losses and deductible temporary differences	**1,989**	1,224
Different tax rates of a jointly controlled entity operating in other jurisdictions	**(949)**	—
Others	**21**	187
Taxation charge	**9,644**	7,352

8. Retirement Benefit Costs

Pursuant to the MPF Schemes Ordinance, which became effective on 1 December 2000, all employees of the Group in Hong Kong aged between 18 and 65 are enrolled in the MPF Scheme.

The MPF Scheme is a master trust scheme established under trust arrangement and governed by the laws in Hong Kong. The assets of the MPF Scheme are held separately from the assets of the employer, the trustees and other service providers. The Group and the employees contribute to the MPF Scheme (the "MPF contributions") in accordance with the MPF Schemes Ordinance. The MPF contributions are fully and immediately vested in the employees as accrued benefits once they are paid to the approved trustees of the MPF Scheme. Investment income or profit derived from the investment of accrued benefits (after taking into account any loss arising from such investment) is also immediately vested in the employees.

The MPF contributions made by the Group during the year amounted to HK$370,000 (2004: HK$191,000) of which HK$12,000 (2004: HK$18,000) remains payable at the year end date.

9. Profit/(Loss) per Share

The calculation of the basic profit/(loss) per share is based on the profit attributable to shareholders of HK$750,000 (2004: loss of HK$12,403,000) and on the weighted average number of 1,310,925,244 shares (2004: 1,296,433,434 shares) in issue during the year.

For the years ended 31 March 2005 and 2004, diluted profit/(loss) per share is not shown as the potential ordinary shares are anti-dilutive.

10. Directors' and Senior Management's Emoluments

(a) The aggregate amounts of emoluments payable to directors of the Company during the year are as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
Fees	**359**	150
Inducement fees	**—**	4,000
Salaries, allowances and benefits in kind	**11,292**	8,717
MPF contributions	**47**	41
	11,698	12,908

Directors' fees disclosed above include HK$359,000 (2004: HK$150,000) paid to independent non-executive directors.

The emoluments of the directors fell within the following bands:

Emolument bands	**Number of directors**	
	2005	2004
HK$		
0 - 1,000,000	**8**	14
1,000,001 - 2,000,000	**—**	—
2,000,001 - 3,000,000	**—**	—
3,000,001 - 4,000,000	**1**	—
4,000,001 - 5,000,000	**—**	1
5,000,001 - 6,000,000	**—**	1
6,000,001 - 7,000,000	**1**	—

There were no arrangements under which any director waived or agreed to waive any emoluments in respect of the years ended 31 March 2005 and 2004.

10. Directors' and Senior Management's Emoluments (continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2004: four) directors whose emoluments are reflected in the analysis presented in note 10(a) above. The emoluments payable to the remaining two (2004: one) individuals during the year are as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
Salaries and other benefits	**1,452**	629
MPF contributions	**—**	—
	1,452	629

The emoluments fell within the following band:

Emolument bands	**Number of individuals**	
	2005	2004
HK$		
0 - 1,000,000	**2**	1

11. Property, Plant and Equipment

Group

	Investment properties HK$'000	Hotel property HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles and others HK$'000	Total HK$'000
Cost or valuation						
At 31 March 2004	1,620,000	—	—	659	2,199	1,622,858
Additions	200,121	686,275	3,647	1,849	—	891,892
Adjustment on revaluation	(127,385)	13,725	—	—	—	(113,660)
At 31 March 2005	**1,692,736**	**700,000**	**3,647**	**2,508**	**2,199**	**2,401,090**
Accumulated depreciation						
At 31 March 2004	—	—	—	64	294	358
Charge for the year	—	—	425	209	550	1,184
At 31 March 2005	**—**	**—**	**425**	**273**	**844**	**1,542**
Net book value						
At 31 March 2005	**1,692,736**	**700,000**	**3,222**	**2,235**	**1,355**	**2,399,548**
At 31 March 2004	1,620,000	—	—	595	1,905	1,622,500

The hotel property was revalued at 31 March 2005 by independent property valuers, BMI Appraisals Limited on an open market value basis. The surplus on revaluation amounting to HK$13,725,000 has been credited to hotel property revaluation reserve.

At 31 March 2005, the Group's hotel property with a carrying value of HK$700,000,000 (2004: HK$NIL) was pledged to two third parties to secure convertible notes and promissory notes granted to the Group to the extent of HK$480,000,000 (2004: HK$nil) (note 28).

The investment properties located in the PRC were revalued at 31 March 2005 on an open market value basis by independent property valuers, BMI Appraisals Limited. The surplus on revaluation had been credited to the investment property revaluation reserve.

The investment property located in Hong Kong was stated at open market value at HK$1,480 million with reference to the provisional sale and purchase agreement signed on 30 June 2005 in respect of the disposal as mentioned in note 34(d). The net deficit on revaluation has been debited to the investment property revaluation reserve.

At 31 March 2005, the carrying value of investment properties mortgaged as securities for banking facilities granted to the Group (note 27) amounted to HK$1,480,000,000 (2004: HK$1,620,000,000).

11. Property, Plant and Equipment (continued)

Group (continued)

An analysis of the cost or valuation of the above assets at 31 March 2005 is set out as follows:

	Investment properties HK$'000	Hotel property HK$'000	Leasehold improvements HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles and others HK$'000	Total HK$'000
At cost	—	—	3,647	2,508	2,199	8,354
At 2005 professional valuation	1,692,736	700,000	—	—	—	2,392,736
	1,692,736	700,000	3,647	2,508	2,199	2,401,090

An analysis of the cost or valuation of the above assets at 31 March 2004 is set out as follows:

	Investment properties HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles and others HK$'000	Total HK$'000
At cost	—	659	2,199	2,858
At 2004 professional valuation	1,620,000	—	—	1,620,000
	1,620,000	659	2,199	1,622,858

The Group's interests in investment properties and hotel property are analysed as follows:

	2005 HK$'000	2004 HK$'000
Investment properties		
— in Hong Kong, held on leases of over 50 years	**1,480,000**	1,620,000
— outside Hong Kong, held on leases of less than 50 years	**212,736**	—
	1,692,736	1,620,000
Hotel property		
— in Hong Kong, held on leases of less than 50 years	**700,000**	—
	2,392,736	1,620,000

11. Property, Plant and Equipment (continued)

Group (continued)

Net book value of property, plant and equipment under finance leases amounted to HK$812,500 (2004: HK$1,137,500) as at 31 March 2005. The related depreciation for the year was HK$325,000 (2004: HK$162,500).

Company

	Furniture, fixtures and equipment HK$'000
Cost	
Balance at 31 March 2004 and 2005	74
Accumulated depreciation	
At 31 March 2004	9
Charge for the year	15
At 31 March 2005	24
Net book value	
At 31 March 2005	**50**
At 31 March 2004	65

12. Intangible Asset

Group

	Licence HK$'000
Cost	
Additions and balance as at 31 March 2005	14,000
Accumulated amortization	
Charge for the year and balance as at 31 March 2005	486
Net book value	
At 31 March 2005	**13,514**

The amortization charge for the year is included in administrative expenses in the consolidated profit and loss account.

Licence is amortized over its estimated useful life of twelve years.

13. Investment in an Associated Company

	Group	
	2005 **HK$'000**	2004 HK$'000
Share of net assets	**5**	5
Amount due to an associated company	**(5)**	(5)
	—	—

Particulars of the associated company at 31 March 2005 are as follows:—

Name of company	**Place of incorporation**	**Principal activity**	**Particulars of issued share capital**	**Percentage holding**
Victory Harvest Enterprises Limited	Hong Kong	Not yet commenced business	HK$10,000	50%

14. Investment in a Jointly Controlled Entity

	Group	
	2005	2004
	HK$'000	HK$'000
Share of net assets	**186,437**	—
Goodwill on acquisition	**77,436**	—
	263,873	—

Particulars of the jointly controlled entity at 31 March 2005 are as follows:—

Name of company	Place of incorporation	Principal activity	Particulars of issued share capital	Percentage holding
Ningbo Beilun Port Expressway Company Limited	PRC	Toll road operation and management	US$77,800,000	44.9%

15. Investments in Subsidiaries

	Company	
	2005	2004
	HK$'000	HK$'000
Unlisted shares, at cost	**1**	1
Amounts due from subsidiaries	**1,880,519**	2,067,617
	1,880,520	2,067,618
Less: Provision	**(393,007)**	(283,539)
	1,487,513	1,784,079

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed terms of repayment, except for the amounts of HK$862,746,000 (2004: HK$1,274,246,000) and HK$340,000,000 (2004: HK$469,762,000) which carry interest at 1.75% (2004: 1.75%) and 0.5% (2004: 0.5%) per annum respectively.

Particulars of principal subsidiaries are set out in note 36 to the financial statements.

16. Other Investments

	Group and Company	
	2005	2004
	HK$'000	HK$'000
Club debentures — at cost	**1,350**	1,350

17. Deposits for Acquisition of a Subsidiary

In March 2005, the Group entered into an agreement to acquire the entire equity interest of Gold Canton Investment Limited ("GCI") for a cash consideration of HK$7,788,000. GCI holds a leasehold property located in Hong Kong. During the year, a deposit of HK$6,000,000 was paid in cash and the remaining consideration of HK$1,788,000 was disclosed as capital commitment under note 31.

18. Deposits for Investment Property

It represents payment for acquisition of a property which was located in the PRC and under development.

19. Trade and Other Receivables, Deposits and Prepayments

	Group		Company	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables (note (a))	**6,240**	2,856	**—**	—
Loan receivables (note (b))	**36,000**	363,931	**—**	123,837
Fixed deposits with FS Company (note (c))	**240,176**	—	**240,176**	—
Other receivables (note 3)	**10,498**	16,721	**—**	—
Deposits and prepayments	**69,046**	12,548	**50,271**	306
	361,960	396,056	**290,447**	124,143

(a) The ageing analysis of trade receivables, which represent rental receivables and interest on overdue balances, is as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
Within 30 days	**2,502**	1,846
31 — 60 days	**1,007**	737
61 — 90 days	**959**	16
Over 90 days	**1,772**	257
	6,240	2,856

19. Trade and Other Receivables, Deposits and Prepayments (continued)

(b) Included in loan receivables as at 31 March 2004 was loan of HK$195,090,000 granted to the borrower to finance its acquisition of the entire equity interest in four companies (the "Target Companies"). The equity interest in one of the Target Companies was held by two companies (the "Registered Shareholders"), owned by a director of the Company, in trust for the borrower. The directors of the Company have confirmed that the borrower is not related to the Group or any of the Company's directors or substantial shareholders. This loan was interest bearing at 5% per annum. During the year ended 31 March 2005, the loan receivable was repaid by the assignment of a fixed deposit of HK$200 million held in an overseas financial service company (the "FS Company") by one of the Registered Shareholders to the Company on behalf of the borrower.

The other loan receivables amounting to HK$168,841,000 as at 31 March 2004 were granted to four borrowers to finance their acquisition of equity interest in various companies holding property projects. The loans bore interest ranging from 0.5% above the Hong Kong Prime rate to 8% per annum and are secured by personal guarantees of the shareholders of the borrowers. During the year ended 31 March 2005, all these loans were repaid. The directors of the Company have confirmed that the borrowers are not related to the Group or any of the Company's directors or substantial shareholders.

During the year, the Group entered into a call option agreement with three independent third parties (collectively the "Vendors") whereby an option premium of HK$55 million was paid to the Vendors to acquire a right (the "Call Option") to buy 65% equity interest in a company which holds equity interest in a number of toll road projects in the PRC at a consideration of HK$500 million. Subsequently, the Call Option was cancelled and partial refund of option premium in the amount of HK$19,000,000 was received. Subsequent to the year end date, a further amount of HK$2,000,000 was received and the remaining balance of HK$34,000,000 was converted as an interest free loan receivable, repayable by 5 monthly instalments commencing from 1 August 2005. The shareholders of the Vendors had provided personal guarantees to the Group for the loan receivable.

(c) At 31 March 2005, the Company and the Group had fixed deposits of HK$240,176,000, held in the FS Company which bear interest ranging from 0.5% to 4% per annum, and with terms of maturity from 14 days to 3 months.

20. Deposits for Hotel Property

Deposits paid as at 31 March 2004 represented partial payments for the acquisition cost of the hotel property, which was under development then. In December 2004, the Group completed the acquisition and the deposits paid were transferred to property, plant and equipment as part of the cost of the hotel property.

21. Pledged Deposits

The amounts represent deposits pledged to a bank in Hong Kong to secure banking facilities granted to the Group.

22. Other Payables, Deposits Received and Accrued Charges

	Group		**Company**	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Rental deposits (i)	**18,215**	15,899	**—**	—
Other payables and accrued charges (ii)	**220,646**	8,860	**6,516**	3,886
	238,861	24,759	**6,516**	3,886

(i) Rental deposits are repayable when the tenancy contracts lapse.

(ii) On 17 January 2005 the Group entered into a memorandum of understanding ("MOU") with an independent third party whereby the Group and the third party shall form a joint venture targeting to acquire equity interests in toll roads projects in the PRC. Pursuant to the MOU, the independent third party paid deposits of HK$30,000,000, HK$170,000,000 and HK$100,000,000 to the Group for the above purpose in February, March and April 2005 respectively.

In April 2005, the Group and the third party agreed to cancel the MOU and the deposit of HK$300,000,000 was re-financed into a short term loan under a loan agreement signed on 28 April 2005. The loan is secured by a second legal charge of the investment property located in Hong Kong owned by the Group, bears interest at the higher rate of 8% per annum or prevailing Hong Kong Interbank Offered Rate plus 3% per annum and is repayable by 31 December 2005.

23. Other Loans Payable

	Group and Company	
	2005	2004
	HK$'000	HK$'000
Amount due to a director (note (a))	**—**	10,018
Loan from a former director (note (b))	**—**	10,000
	—	20,018

(a) Amount due to a director was unsecured, non-interest bearing and was fully repaid during the year.

(b) Loan from a former director was unsecured, interest bearing at 4% per annum and was fully repaid during the year.

24. Share Capital

	Ordinary shares of HK$0.10 each	
	Number of shares	HK$'000
Authorized:		
At 31 March 2004 and 2005	2,000,000,000	200,000
Issued and fully paid:		
At 31 March 2004 and 2005	1,310,925,244	131,092

All the shares in issue rank pari passu in all respects including all rights as to dividends, voting and capital.

25. Reserves

Group

	Share premium HK$'000	Capital redemption reserve HK$'000	Revaluation reserve on investment properties HK$'000	Hotel property revaluation reserve HK$'000	Revaluation reserve on properties held for/under development HK$'000	Revaluation reserve on other properties HK$'000	Capital reserve HK$'000	Exchange reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 April 2003	929,824	129	919,453	—	7,005	348,192	69,992	(15,851)	396,208	2,654,952
Surplus on revaluation	—	—	88,565	—	—	—	—	—	—	88,565
Exchange differences on translation of accounts of a foreign subsidiary	—	—	—	—	—	—	—	(292)	—	(292)
Revaluation reserve realized upon disposal of properties	—	—	—	—	(1,011)	—	—	—	—	(1,011)
Share of revaluation deficit of associated companies	—	—	—	—	—	(2)	—	—	—	(2)
Distribution in specie	(929,824)	—	31,454	—	(5,994)	(348,190)	(69,992)	16,143	119,379	(1,187,024)
Loss for the year	—	—	—	—	—	—	—	—	(12,403)	(12,403)
Deferred taxation charged to equity (Note 29)	—	—	(1,104)	—	—	—	—	—	—	(1,104)
Issue of shares	57,556	—	—	—	—	—	—	—	—	57,556
At 31 March 2004	57,556	129	1,038,368	—	—	—	—	—	503,184	1,599,237
Revaluation (deficit)/surplus (Note 11)	—	—	(127,385)	13,725	—	—	—	—	—	(113,660)
Profit for the year	—	—	—	—	—	—	—	—	750	750
Deferred tax credited/(charged) to equity (Note 29)	—	—	2,536	(1,155)	—	—	—	—	—	1,381
At 31 March 2005	57,556	129	913,519	12,570	—	—	—	—	503,934	1,487,708
Retained by:										
Company and subsidiaries	57,556	129	913,519	12,570	—	—	—	—	510,061	1,493,835
Jointly controlled entity	—	—	—	—	—	—	—	—	(6,127)	(6,127)
At 31 March 2005	57,556	129	913,519	12,570	—	—	—	—	503,934	1,487,708

25. Reserves (continued)

Company

	Share premium HK$'000	**Capital redemption reserve** HK$'000	**Retained profits** HK$'000	**Total** HK$'000
At 1 April 2003	929,824	129	1,220,988	2,150,941
Distribution in specie	(929,824)	—	(403,092)	(1,332,916)
Profit for the year	—	—	723,531	723,531
Issue of shares	57,556	—	—	57,556
At 31 March 2004	57,556	129	1,541,427	1,599,112
Loss for the year	—	—	(136,476)	(136,476)
At 31 March 2005	**57,556**	**129**	**1,404,951**	**1,462,636**

26. Obligations under Finance Leases

At 31 March 2005, the Group's obligations under finance leases are repayable as follows:

	Group	
	2005 **HK$'000**	2004 HK$'000
Within one year	**354**	354
In the second year	**354**	354
In the third to fifth year	**59**	414
	767	1,122
Future finance charges on finance leases	**(43)**	(92)
Present value of finance lease obligations	**724**	1,030

The present value of finance lease obligations is as follows:

Within one year	**324**	306
In the second year	**342**	324
In the third to fifth year	**58**	400
	724	1,030

27. Bank Loans

	Group	
	2005	2004
	HK$'000	HK$'000
Bank loans, secured	**855,000**	612,500
Bank loans, unsecured	**35,000**	35,000
	890,000	647,500
Current portion	**(95,000)**	(91,000)
	795,000	556,500

The analysis of the above is as follows:

Wholly repayable within five years	**890,000**	35,000
Not wholly repayable within five years	**—**	612,500
	890,000	647,500

At 31 March 2005, the Group's bank loans are repayable as follows:

	2005	2004
	HK$'000	HK$'000
Within one year	**95,000**	91,000
In the second year	**60,000**	64,000
In the third to fifth year	**735,000**	249,000
After the fifth year	**—**	243,500
	890,000	647,500

The bank loans are secured by first charges on investment properties, other specified assets of the Group and corporate guarantees of the Company. The secured bank loans are repayable by eight quarterly installments of HK$15,000,000 each, plus a final payment of HK$735,000,000 in June 2007.

28. Convertible Notes and Promissory Notes

The convertible notes and promissory notes were issued by the Group in 2004 and 2005 respectively for satisfying part of the consideration for the acquisition of the Group's hotel property. The notes are secured by a mortgage of the hotel property and the entire issued shares of City Promenade Limited ("Promenade"), the Company's subsidiary which holds the hotel property.

The convertible notes bear interest at 3% per annum and are convertible into ordinary shares of the Company at HK$3 per share, subject to adjustment, if any at the option of the holders of the notes. The notes will mature on 5 November 2006.

The promissory notes bear interest at a rate of 3% per annum and will mature on 23 December 2007.

29. Deferred Taxation

Deferred taxation is calculated in full on temporary differences under the liability method using a taxation rate of 17.5%.

The movements in the deferred tax liabilities account are as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
At 1 April	**3,661**	1,030
Deferred taxation charged to consolidated profit and loss account (note 7)	**1,135**	1,352
Taxation (credited)/charged to equity	**(1,381)**	1,104
Distribution in specie	**—**	175
At 31 March	**3,415**	3,661

The deferred taxation charged/credited to equity during the year was related to fair value adjustment on investment properties and hotel property dealt with in equity.

29. Deferred Taxation (continued)

The movements in deferred tax liabilities and assets (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred tax liabilities	Accelerated tax depreciation		Others		Total	
	2005	2004	**2005**	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 April	**3,274**	811	**387**	442	**3,661**	1,253
Charged/(credited) to consolidated profit and loss account	**4,893**	1,431	**(387)**	(55)	**4,506**	1,376
(Credited)/ charged to equity	**(1,381)**	1,104	**—**	—	**(1,381)**	1,104
Distribution in specie	**—**	(72)	**—**	—	**—**	(72)
At 31 March	**6,786**	3,274	**—**	387	**6,786**	3,661

Deferred tax assets	Tax losses		Others		Total	
	2005	2004	**2005**	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
At 1 April	**—**	—	**—**	(223)	**—**	(223)
Credited to consolidated profit and loss account	**(3,368)**	—	**(3)**	(24)	**(3,371)**	(24)
Distribution in specie	**—**	—	**—**	247	**—**	247
At 31 March	**(3,368)**	—	**(3)**	—	**(3,371)**	—

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, are shown in the consolidated balance sheet:

	Group	
	2005	2004
	HK$'000	HK$'000
Deferred tax assets	**(3,371)**	—
Deferred tax liabilities	**6,786**	3,661
	3,415	3,661

29. Deferred Taxation (continued)

Deferred income tax assets are recognized for tax losses carry forwards and deductible temporary differences to the extent that realization of the related tax benefit through the future taxable profits is probable. Details of unrecognized temporary differences as at the year end date are as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
Unutilized tax losses	**32**	835

There is no expiry date for the above temporary differences.

30. Notes to the Consolidated Cash Flow Statement

(a) Reconciliation of profit/(loss) before taxation to net cash generated from operations

	2005	2004
	HK$'000	HK$'000
Profit/(loss) before taxation	**10,394**	(3,577)
Share of results of associated companies	**—**	8,564
Share of results of a jointly controlled entity	**6,127**	—
Revaluation reserve realized upon disposal of properties held/under development	**—**	(1,838)
Exchange gain	**—**	(292)
Interest income	**(18,844)**	(10,565)
Interest expenses	**20,221**	13,183
Realized and unrealized gains on investments securities	**—**	(42)
Depreciation and amortization	**1,670**	719
Operating profit before working capital changes	**19,568**	6,152
Decrease in long term receivables	**—**	51
Increase in trade and other receivables, deposits and prepayments	**(60,789)**	(24,757)
Decrease in properties held for sales	**—**	14,592
Increase in other payables, deposits received and accrued charges	**210,428**	9,208
Net cash generated from operations	**169,207**	5,246

30. Notes to the Consolidated Cash Flow Statement (continued)

(b) Analysis of changes in financing during the year

	Share capital and premium HK$'000	**Bank loans** HK$'000	**Other loans** HK$'000	**Minority interests** HK$'000	**Obligations under finance lease** HK$'000
At 1 April 2003	1,058,472	894,089	—	22,739	—
Net cash inflow/ (outflow) from financing	—	(45,378)	20,018	(1,120)	(270)
Revaluation reserve attributable to minority shareholders realized upon disposal of properties	—	—	—	(827)	—
Profit for the year attributable to minority shareholders	—	—	—	1,474	—
Inception of finance lease	—	—	—	—	1,300
Issue of shares	60,000	—	—	—	—
Distribution in specie	(929,824)	(201,211)	—	(22,266)	—
At 31 March 2004	188,648	647,500	20,018	—	1,030
Net cash inflow/ (outflow) from financing	—	242,500	(20,018)	—	(306)
At 31 March 2005	**188,648**	**890,000**	**—**	**—**	**724**

(c) Non-cash transaction

Acquisition of a hotel property during the year amounting to approximately HK$686.3 million was financed by issue of promissory notes with principal amount of HK$320 million (note 28).

31. Commitments

(a) At 31 March 2005, the Group had the following capital commitments in respect of:

	Group	
	2005	2004
	HK$'000	HK$'000
Contracted but not provided for		
— Acquisition of hotel property, furniture, fixtures and equipment	**—**	381,956
— Investment in a subsidiary	**1,788**	—

(b) Operating lease

(i) At 31 March 2005, the Group and the Company had future aggregate minimum lease payments payable under non-cancellable operating leases in respect of land and buildings as follows:

	Group		Company	
	2005	2004	**2005**	2004
	HK$'000	HK$'000	**HK$'000**	HK$'000
Not later than one year	**1,920**	4,037	**—**	1,193
Later than one year and not later than five years	**960**	3,727	**—**	—
	2,880	7,764	**—**	1,193

(ii) At 31 March 2005, the Group had future aggregate minimum lease receipts under non-cancellable operating leases in respect of land and buildings as follows:

	Group	
	2005	2004
	HK$'000	HK$'000
Not later than one year	**72,547**	61,759
Later than one year and not later than five years	**92,668**	83,626
	165,215	145,385

32. Contingent Liability

(a) Litigation

On 2 June 2005, a writ of summons of High Court Action No.1036 of 2005 indorsed with the statement of claim was issued against the Company by Town House Development Limited ("Town House"). According to the claim alleged by Town House, the Company was in breach of the provisional sale and purchase agreement dated 15 October 2004 as supplemented by a supplemental agreement dated 19 October 2004 (the "Agreement") in relation to the sale and purchase of the entire issued shares of Winsworld Properties Limited and the sale loan. Town House claimed specific performance of the Agreement, all necessary and consequential accounts, directions and inquiries, damages for breach of contract in lieu of or in addition to specific performance, interests, further relief and costs (the "Claim").

The Company did not agree with the Claim. The reasons for the termination of the Agreement had been included in the Company's announcement dated 15 December 2004.

The Company had obtained an opinion from senior counsel that the Company had good grounds in defending against the Claim and, as such the Company did not consider the Claim had any material adverse impact on the operation and the financial position of the Company, and accordingly, had not made any provision in the financial statements in connection with the Claim.

(b) During the year, Harbour Plaza Hotel Management Limited, the management company of Mexan Harbour Hotel, charged the Company's subsidiary, Promenade a marketing fee of HK$1,000,000 incurred for pre-operating period of Mexan Harbour Hotel. The Group is disputing the validity of this marketing fee and no provision has been made in the financial statements in this regard. Up to the date of these financial statements, the outcome of the dispute has not yet been finalized.

(c) As at 31 March 2005, the Company had provided guarantees to banks in respect of banking facilities granted to its subsidiaries to the extent of HK$890,724,000 (2004: HK$236,030,000).

33. Related Party Transactions

(a) The following is a summary of the significant related party transactions carried out in the normal course of the Group's business during the year, other than those disclosed elsewhere in the financial statements.

	Group	
	2005	2004
	HK$'000	HK$'000
Rental expenses (i)	**1,920**	960
Purchase of motor vehicles	**—**	390

(i) The Group rented office premises, certain furniture and fixtures and car parks for three years effective from 1 October 2003 at HK$160,000 per month from Mexan International Limited ("MIL"). MIL is beneficially owned as to 65% by Mr. Lau Kan Shan, an executive director, chairman and controlling shareholder of the Company and his family members.

(b) In February 2005, the Group completed the acquisition of 44.9% equity interest of the jointly controlled entity, Ningbo Beilun Port Expressway Company Limited for a cash consideration of HK$270 million from Mexan Holdings Limited, which is 99.99% beneficially owned by Mr. Lau Kan Shan. Details of the transactions are set out in the announcements of the Company dated 1 June 2004 and 5 November 2004.

34. Subsequent Events

(a) On 19 April 2005, the Company declared a dividend of HK$0.19 per fully paid share to all shareholders whose names appear on the Register of Members on 6 May 2005.

(b) On 9 May 2005, the Group entered into four legally binding Memoranda of Understanding with three different companies (the "Toll Road Companies") whereby the Toll Road Companies agreed not to (within 18 months from 9 May 2005), enter into negotiation or agreements with any third parties for the sale of their toll road interests without written consent from the Group.

(c) In May 2005, the Company's subsidiary, Regal Gate Investment Limited paid the balance of cash consideration of HK$1,788,000 and completed the acquisition of GCI which holds a leasehold property located in Hong Kong (Note 17).

(d) On 30 June 2005, the Company and its subsidiaries, All Victory Holdings Limited and Winsworld, entered into a provisional sale and purchase agreement ("S & P Agreement") with a third party (the "Purchaser") to dispose of the investment property of Winsworld for a consideration of HK$1,480 million. Pursuant to the S & P Agreement, the Purchaser will be granted the option to acquire the entire shareholding of Winsworld and the loans to Winsworld granted by the Group for a consideration of HK$1,480 million which is subject to adjustments by reference to the other assets and liabilities of Winsworld.

Details of the transactions are set out in the announcement of the Company dated 15 July 2005.

35. Ultimate Holding Company

The directors regard Mexan Group Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company.

36. Particulars of Principal Subsidiaries

The principal subsidiaries of the Company as at 31 March 2005 are set out below:

Name of subsidiary	Place of incorporation	Particulars of issued share capital	Percentage holding 2005	Percentage holding 2004	Principal activities
Shares held indirectly:					
Mexan Resources Limited	Hong Kong	2 ordinary shares of HK$1 each	**100**	100	Provision of management services
Winsworld Properties Limited	British Virgin Islands	100 ordinary shares of US$1 each	**100**	100	Property investment
Pacific Land Limited	Hong Kong	2 ordinary shares of HK$1 each	**100**	100	Investment holding and property investment
Mexan Profits Limited	Hong Kong	2 ordinary shares of HK$1 each	**100**	100	Investment holding
City Promenade Limited	Hong Kong	2 ordinary shares of HK$1 each	**100**	100	Property holding and hotel operation
Mexan Development Limited	Hong Kong	2 ordinary shares of HK$1 each	**100**	—	Investment holding
Raisefull Limited	British Virgin Islands	10 ordinary shares of US$1 each	**100**	—	Property investment
Sharpstate Limited	British Virgin Islands	10 ordinary shares of US$1 each	**100**	—	Property investment

Except for Pacific Land Limited, Raisefull Limited and Sharpstate Limited which operate in the PRC, all the above subsidiaries operate in Hong Kong.

37. Approval of Financial Statements

The financial statements were approved by the board of directors on 20 July 2005.